

THE UNIVERSITY OF HULL

Community Economic Development?

An Examination of Regional and Sub-regional Support Networks
for Social Enterprise

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by

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Abstract

The development of social enterprise as a potential tool to assist local and community economic development, has led to a range of debates specifically about the social and entrepreneurial values they exhibit. These debates have led to more theoretical questions about how social enterprise can transfer knowledge and best practice within and between local networks of association and how their successful outcomes should be measured. These issues have posed problems for many social enterprise support agencies and policy makers as they attempt to make sense of both support and development needs. Ultimately, these have led to a study about obtaining a better understanding of the support networks at regional and sub-regional levels, which are available for social enterprise. This has been done through a critical examination of contemporary policy documentation and research grounded in empirical investigation, about the development of the social economy, the effectiveness and construction of social enterprise support, how local economic development policy knowledges evolve and are shared and how social enterprise intersects and interacts within established socio-economic and socio-political systems. The thesis was undertaken between 2002 and 2008 and utilised a grounded theory approach to triangulate both qualitative and quantitative approaches to research principally through a national scoping survey and sub-regional interviews with social enterprise support providers and policy makers.

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Chapter 1

Introduction

Introduction

This thesis seeks to develop a better understanding of the support networks which are available at a regional and sub-regional level for social enterprise. The research was undertaken at a time in which social enterprise activity in England is moving at a great speed. Its fundamental principle, namely that goods or services can be provided through entrepreneurial activity that achieve both economic and social goals, has given social enterprise a wide interest amongst policymakers, academics, private entrepreneurs and community organisations. Especially over the last decade, social enterprise has shifted from being perceived as having a marginal impact on local economies to being an important constituent of a wide range of activities to assist localities tackle decline, deprivation and poor service delivery. Social enterprises have increasingly opened markets in public service procurement and provision, have diversified in organisation and production, developed new products and welfare services and contributed to local economic restructuring (Gillard et al. 2000, Pearce, 2003, Borzaga and Defourny, 2004, Pharoah, Scott and Fisher, 2004).

The recent interest in social enterprise as a regenerative tool seems to have come at a time of convergence between inter-related concerns that have enabled a growth in the range and type of economic activities at a local and regional level. Changes in the strategic role of the state, new scales of economic governance and local democratic renewal have all contributed to a specialisation amongst local economic delivery bodies and a growing recognition of potential within the social economy. These issues require consideration as to how they interact and how they influence economic,

institutional and political processes that shape regional infrastructural architecture and social enterprise support (Beer, Haughton and Maude, 2003, Amin, Cameron and Hudson, 2002).

Central government has acknowledged the importance of a strong local economy and the growing importance of the regional scale in economic competitiveness. Social enterprise sits within a spectrum of activities commonly referred to as the social economy and has a spatial element, from neighbourhood orientation through district and regional to national and global influence. How place matters in terms of the geography and scale of social enterprise and its relation to the mainstream local economy is therefore crucial in understanding regional need and support for social enterprise (New Economics Foundation, 2001, Amin, Cameron and Hudson, 2002).

These connecting concerns are of particular interest to English RDAs with their primary policy responsibilities of restoring and promoting economic competitiveness and quality of life throughout their respective regions. Central government, acting through the RDAs, is currently seeking alternative ways of addressing these key policy issues through innovative solutions that fall between the state and the market. It is therefore important to observe how social enterprise can develop at an intersection of the wider range of policy areas for which RDAs have responsibility (Shutt, Haughton and Kumi-Ampofo, 2001, Social Enterprise Coalition, 2003).

Despite a growing interest in social enterprise there are some key policy makers and stakeholders who have cautioned that the rhetoric may not reflect

the reality in terms of social enterprise development (Government Office for Yorkshire and the Humber, 2002). Collaborative research by the then DTI in 2002 and by Rocket Science (2007) involving social enterprises, support bodies, devolved administrations and central government raised several important questions about the development and effectiveness of social enterprise support frameworks and the barriers to development social enterprises face. The most notable questions were about social enterprise and business support, funding, either from state or market orientated sources, the scale from which support policy is driven from and, targets and quality standards of support policy.

Drawing from these findings has led this research to ask key questions including; how will social enterprise develop within mainstream markets and how will their dependence and interaction with the state develop? Can social enterprise be both a servant of the state and private bodies? Will social enterprise succeed where government and private sector investment has struggled? Where does social enterprise sit in the social economy and wider discourse of alternative economic spaces? How can state agencies best support social enterprise at regional and sub-regional levels? How should the success and impact of support policies be measured? How should best practice qualities be identified and contextualised and their knowledge shared?

These are interesting issues for RDAs, who are trying to understand the influence and growth of the sector and how to better target resources through an integrated support framework for social enterprises. The majority of

enterprising organisations in the social economy have grown organically or from the 'bottom up' into the local policy arena. Arguably, RDAs have had this 'bottom up' approach imposed 'top down' from central government upon them. For many RDAs this is a source of contestation and conflicting loyalty. RDAs may not only have varying internal degrees of commitment to social enterprise but may also experience varying external regional stakeholder opinion, some of whom may see social enterprise as central to RDA policy whilst others see it as unimportant. Moreover, RDAs operate in a complex system of multi-scalar governance and therefore must mediate between central government departments with differing priorities and local government with its different policy actors all vying for attention and resources.

These issues are compounded by a range of debates regarding the relative success of the social enterprise support policy agenda and the ways in which individual providers of support gauge their successes. Firstly, the various meanings and values attributed to social enterprise have tended to make the job of understanding specific development needs inherently more difficult for support providers and policy makers. Secondly, although the growth of social enterprises in England, especially over the last 15 years or so, has also come at a time of renewed interest in local CED approaches to regeneration, relatively little attention has been given to measuring the policy impacts of soft outcome policy programmes. In many cases this has led to inappropriate policy or support impact evaluations, fast-policy regimes and inadequate attempts at policy learning. Both of these issues require consideration as to how they influence specific social enterprise support policy arrangements.

Aims and objectives

This research is important as it seeks to explore these questions and to draw conclusions from them. It aims to obtain a better understanding of the support networks at a regional and sub-regional level which are available for social enterprise. To achieve this, the project will address the following objectives.

- Examine at a theoretical level the development of the social economy as an economic space within contemporary capitalist geography.
- Examine the construction and effectiveness of social enterprise support, and the inter-relations with social economy and other local institutions.
- Examine how local economic development policy knowledges evolve and are contested.
- Examine how social enterprise intersects and interacts within established socio-economic and socio-political systems at local and regional levels.

This thesis involves a national survey of social enterprise support arrangements to explore regional and sub-regional support infrastructure. It will also undertake more intensive case studies in two English regions, namely Yorkshire and the Humber and the North West. These will assist in the examination of local social enterprise support arrangements and the development of local policy knowledge.

Structure of thesis and chapter content

This research thesis examines and presents the findings from an investigation into social enterprise support networks. More specifically it examines how

support for social enterprise is organised and constructed. It does this in two distinct ways; a critical examination of contemporary policy documentation and research grounded in empirical investigation. This section sets out the structure of the thesis in terms of chapter content and strategic overview.

Chapter one is the introductory chapter and focuses upon the recent policy related interest in social enterprise and the potential role it can play in public sector procurement. Chapter one also details the research objectives for this thesis.

Chapter two outlines the methodological position undertaken by the research. It examines critical realism in social scientific research and considers different methodological approaches, including grounded theory, how the empirical investigation triangulates qualitative and quantitative approaches and how various approaches have helped frame the intensive and extensive research enquiry. It also considers some key debates in contemporary human geography around policy relevance and attempts to build the differing methodological standpoints into a research design, detailing the research questionnaires and interviews.

Chapter three examines the recent growth of social enterprises against a context of historical social economy activity and CED in attempts to generate local capacity and social capital. This is followed by an examination of the current geography of social enterprise and the wider social economy in the UK. The role of the Third Way is critically explored as well as the altering role of the state, particularly relating to the development of social capital and local

development networks. Chapter 3 concludes with an examination of the relative impacts of social enterprise and their support policies in the context of policy learning and fast policy regimes.

Chapter four explores the meanings associated with social enterprise and the social economy. Consideration is given to the variety of expectations, characteristics and values attributed to social enterprise and the social economy sector and focus is given to the theoretical perspectives of social enterprise development. In particular, consideration is given to how social enterprise interacts with other organisations, established social-economic and socio-political systems.

Chapter five examines the responses to several research questions in the National Social Enterprise Scoping Survey or NSESS. It examines how various regional and sub-regional agencies across England view their efforts at developing their respective social economies explores the relationship between affluence and the location of social economy organisations. The chapter then explores reasons why support for social enterprise differs across the English regions, in particular examining links between support for social enterprise and the reasons why social enterprises locate where they do. Chapter five concludes with an analysis of the organisation of social enterprise support arrangements and the impact and measurement of social enterprise support policy.

Chapter six explores responses to a range of interviews with regional and sub-regional support providers and policy makers. The chapter commences with

an examination of the relative success of social enterprise support policy. This is undertaken by analysing how social enterprise support success is measured. This is followed by an exploration of how policy makers and support providers learn from each other through the transfer of support policy knowledge.

Chapter seven also explores drawn on the interviews with regional and sub-regional support providers and policy makers. It specifically examines the changing nature of both support institutions and social enterprises and explores the potential role of RDAs in improving support policy arrangements. Chapter 7 also provides an analysis of how support bodies influence RDAs in their efforts to foster quality support for social enterprise.

Chapter eight outlines the main findings of the thesis and suggests possible future research. It also provides recommendations for policy and reflects on potential methodological considerations which could inform future academic study.

Chapter 2

Methodology

Introduction

This chapter examines the way in which different approaches to research have influenced the design and methodology of this thesis. The chapter is arranged into two main sections, beginning with an examination of different theoretical influences which have ultimately set the context for my use of a critical realist epistemology. This is followed by a detailed examination of methodologies used in the collection of empirical data coupled with changing debates about the quality of evidence, policy relevance and 'grey geography' (see Peck, 1999, Pollard et al, 1999, Markusen, 2003, and Eden, 2005). The chapter concludes with a detailed overview of the thesis structure and chapter content.

Critical realism and explanation in social science

As both philosophy and social research aim to improve knowledge of the world, the relationship between them is of great significance. Philosophy has a concern to know what kinds of things exist in the world and what exactly our warrant or claim is to know them. Social research has a concern with what the actual knowable properties are of those things. In other words the ontological and epistemological position utilised in this research will have a direct impact on what inferences and deductions can be made about social properties in the real world¹. Therefore the very possibility of obtaining empirical knowledge must be secured against sceptical doubt, demonstrating that knowledge is built on foundations that are a set of certain, undeniable truths (Williams and May, 1996, Hughes and Sharrock, 1997).

¹ An ontological position refers to a view about the nature of a phenomenon, entity or social reality that we wish to investigate. An epistemological position refers to the rules that help explain the way in which we view the social world.

Before examining the research methods employed in this research I wish to make clear my philosophical position. The position I wish to take in this thesis is that of critical realism. There are two main reasons as to why critical realism is a useful approach for this thesis. Firstly, critical realism offers a middle way between empiricism and positivism as it links theoretical and empirical investigation through abstraction and careful conceptualisation. Secondly critical realism provides this research with a middle ground to both the naturalistic hard fact and scientific law methodology and the anti-naturalist position by observing causality. A critical realist approach will therefore allow the use of a relatively wide range of research methods. These methods do not necessarily follow a straight line down the centre of empiricism and abstraction as such, but instead follow a meandering route that allows particular research methods appropriate for different tasks (Sayer, 1992, 2004).

There are many varieties of realism which are not entirely consistent with each other. Critical realism is one branch of realism that was proposed by Roy Bhaskar in the mid 1970s in opposition to the positivist approach. Part of Bhaskar's opposition to positivism was based on the failure of the positivist approach to adequately explain the fundamental links between causality and knowledge. Critical realism attempts to locate both the qualities and powers of causal mechanics and advance the way structure, space and agency are conceptualised. Critical realism achieves this by recognising that reality is not simply constructed by observable events but is also constructed by causal structures and generative mechanisms (Yeung, 1997, King, 1999, While, 2000, Cruickshank, 2002, Johnston and Sidaway, 2004, Sayer, 2004). At the

same time critical realism suggests that explanations of the social world must be critical in order to be truly explanatory and to offer the possibility of social improvement. In other words, a critique of a particular research topic must not only show why explanations are held but what caused them to be that way (Sayer, 1992).

The distinction between the independence of the world and human thoughts about it is referred to as intransitive and transitive dimensions of knowledge (Johnston and Sidaway, 2004). The intransitive dimension refers to natural facts and objects of knowledge such as structure, mechanism and process. The transitive dimension refers to objects made into knowledge such as fact and theory (Peet, 1998, Sayer, 2004). The distinction between intransitive and transitive dimensions is based upon the separation of three domains of reality. The three domains suggest that reality is not simply constituted by observing the number of times an event has occurred but involves uncovering what constitutes change and what makes things happen (Bhaskar, 1989, Peet, 1998, Smith, 1998, While, 2000, Johnston and Sidaway, 2004, Sayer, 2004). The three domains of reality are:

1. The domain of the empirical: is concerned with experience of the world as perceived.
2. The domain of the actual is concerned with events and experience connected with human agency.
3. The domain of the real is concerned with causal relations.

The relationship between the three domains, known as transcendental realism, dictates that emphasis should be given to exploring the interactions between them, or their causal mechanisms. For instance real world events can occur without being experienced or experiences does not necessarily indicate cause. This can be observed in Figure 2.1.

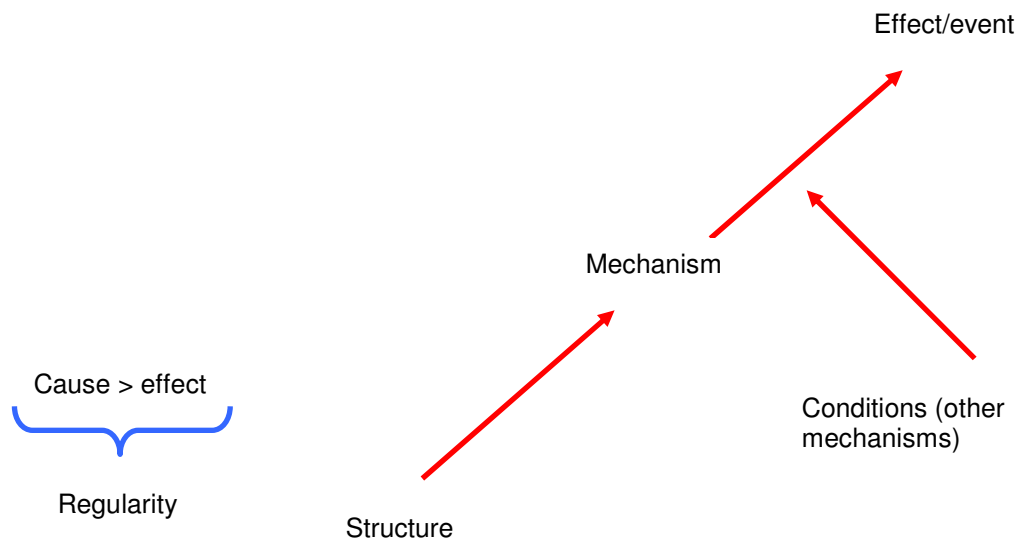


Figure 2.1: Left: Positivist view of causation. Right: Critical realist view of causation. Adapted from Sayer (2004, pp.14-15).

Linking explanation and causality in this thesis

A key element of the critical realist approach adopted in this thesis is to seek out causal chains whilst analysing the conditions that permit events and experiences to take place. A critical realist approach allows for this by combining methods. In this sense, abstract theoretical research, which is concerned with structure and mechanism, observing the form of social objects and the way they act, is combined with concrete research, which considers actual objects and events which have been brought about by structure and mechanism. Figure 2.2 demonstrates how this research attempts to provide

explanations by combining abstract and concrete research with broad generalisations about structures, events and mechanisms.

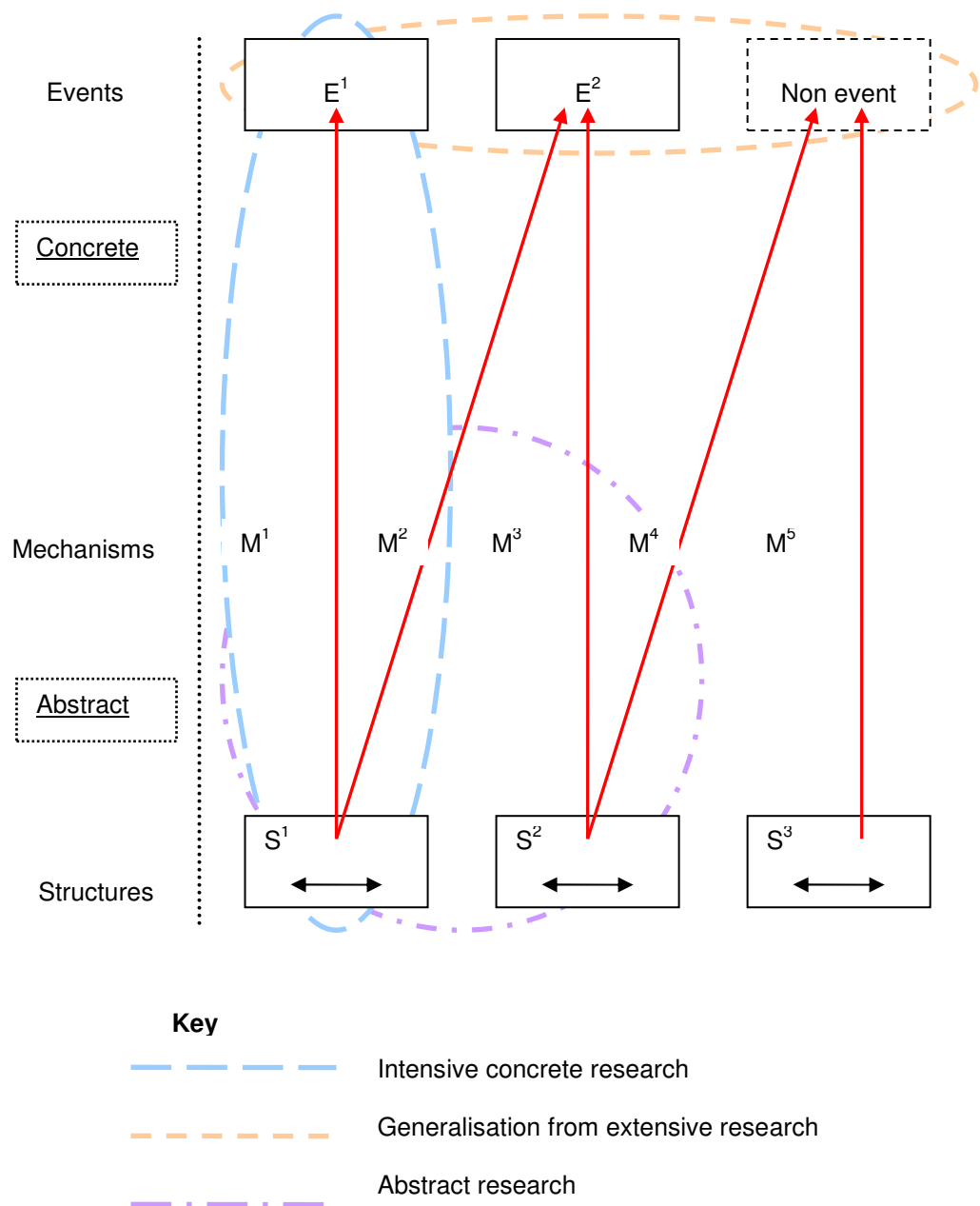


Figure 2.2: The combination of abstract and concrete research by linking structures, mechanisms and events. Adapted from Smith (1998, p.300) and Seavers (1999).

The generalisation element within Figure 2.2 can be equated to the extensive parts of this research, namely the National Social Enterprise Scoping Survey or NSESS, which gives a useful understanding of the patterns of social

enterprise development and the general organisation of support but offers less information about the causality of support or social enterprise development. The more intensive elements equate to the series of semi-structured interviews which are concerned with causal processes ultimately considering why social enterprises locate where they do and why support is organised and constructed the way it is. In this sense the extensive data provides a context for the intensive empirical data collection.

Issues with critical realism

Despite a range of work upon critical realism that allow it to guide research projects, most notably by Andrew Sayer (1992, 2004), there are issues that need to be examined regarding its suitability and application (Yeung, 1997). Importantly, employing a critical realist method a researcher would need to take care not to lapse into empiricism or become over reliant upon critical narrative based upon intensive research. This is directly linked to the combination of abstract and concrete research, noted in the previous section, where a researcher must not allow over-dominance or over-extension of either approach which may lead to unfounded generalisation from extensive research or an over-explanation of local events based upon intensive qualitative investigation only (Cloke, 1991).

There is also a suggestion that critical realism is a philosophy in search of a particular method, and that as an approach it provides little in the way of new methodological tools available for a researcher to employ (Cloke, 1991, Yeung, 1997). Therefore there is perhaps a need to use critical realism as a guide to research design which allows a certain degree of flexibility as

research continues. This thinking is in line with grounded theory which ultimately allows the generation of theory to emerge from data thus allowing simultaneous critique and abstraction which in turn guides research (Punch, 1998, Strauss and Corbin, 1998, Downward, Finch and Ramsay, 2002).

Methodological considerations

Having considered some theoretical issues that have influenced this research, attention now shifts to some of the more practical methodological considerations which are necessary to undertake critical realist research (Yeung, 1997). This section starts by examining intensive and extensive research. Attention then focuses upon qualitative and quantitative research techniques and the way in which this thesis utilises a grounded theory approach to research. The section ends with a discussion upon contemporary issues in human geography and how they impact upon the empirical data collection and dissemination of findings, particularly in a policy context.

Extensive and intensive research

Engaging in critical realism normally requires the use of a wide range, or combination of research methods to undertake concrete research as particular methodological choices depend upon the nature of object in study (Yeung, 1997, Sayer, 1994). Indeed, Yeung (1997, p.57) states "... qualitative methods such as interactive interviews... are necessary to abstract the causal mechanisms of which quantitative... methods are oblivious. It should not be expected that these abstract causal mechanisms can explain events directly". In this sense, when Sayer (1994, p.20) refers to "... multiple [research]

systems... [and]... ... misattributions of causality...” consideration needs to be given to how researchers abstract.

A useful way to consider how abstraction links to interpretation of causal events is perhaps best illustrated by Sayer (1992, 2004) who refers to intensive and extensive research design. The key features of intensive and extensive research design are illustrated in Table 2.1.

	Intensive	Extensive
Research question	How does a process work in a particular or small number of cases? What produces change? What did the agents do?	What are the common patterns and regularities? How widely are certain characteristics distributed?
Relations	Substantial connections and associations	Formal similarities
Type of groups studied	Causal	Taxonomic groups
Type of account produced	Causal explanation of production of events/objects – not necessarily representative	Descriptive generalisation lacking explanatory penetration
Typical methods	Study of individual agents in their causal context, interactive interviews, qualitative analysis etc	Large scale survey, formal questionnaires or standardised interviews including statistical analysis.
Limitations	Likely to produce unrepresentative concrete patters.	Problem of making inferences about individuals or populations that differ over time and space.
Appropriate test	Corroboration	Replication

Table 2.1: Intensive and extensive research designs. Adapted from Lindsay (1997, p.10) and Sayer (2004, p.21).

There are a number of issues to consider here. Although Sayer’s summary in Table 2.1 suggests both intensive and extensive research to be mutually

exclusive, they are in fact complementary in this research. Furthermore it may be erroneous to directly equate extensive research with quantitative empirical generalisation and conversely link qualitative, intensive research and causal relations. This is because extensive approaches may for example be used within single, intensive case study research and more intensive methods may not simply be limited to single cases (Sayer, 2004). Although extensive and intensive research methods have different purposes, in this thesis they are complementary as they have enabled the balancing of time-consuming cases dealing with agency and causality and quantitative cases dealing with properties and relationships. We can therefore begin to equate this complementary strength with the triangulation or mixing of research methods.

Mixing quantitative and qualitative methods

There is much debate regarding the benefits of combining quantitative and qualitative research methods in human geography (Tashakkori and Teddlie, 1998, Brannen, 2005, Onwuegbuzi and Leech, 2005, McEvoy and Richards, 2006). Much of this debate surrounds the commonly perceived gulf between the two approaches which it is often said renders a mixed method impractical (McEvoy and Richards, 2006). Here I do not wish to give an in-depth account of each opposing camp or of each method for that matter, but instead wish to consider the position of this research relating to using a combination of methods.

This research takes the view that there are benefits of combining both methods and that each technique has a relationship with the other. In this sense it is not correct to say that the two methods complement each other, it

is more accurate to say that the interplay between them does. A key issue therefore has not been whether to use one rather than another, but how best to combine them so they can be allowed to generate theory. The combination or triangulation of quantitative and qualitative approaches was deemed valuable for a number of reasons.

First, as evidence is generated and interpreted the development of further investigation is allowed. This is what McEvoy and Richards (2006, p.72) refer to as “abductive inspiration” where early stages or phases of research can in fact lead to a phase of retrospective research leading to a deeper understanding of causal processes. Second, mixing methods permit flexibility in investigation, thus allowing both a broad range of issues to be addressed at the same time as requesting more detailed investigation as and when necessary (Onwuegbuzi and Leech, 2005). Indeed McLafferty (1995, p.440 quoted in Phillip, 1998) suggests “... by coupling the power of the general with the insight and nuance of the particular, such research illuminates people’s lives and the larger contexts in which they are embedded”. Third, increased demand on research generally to become more policy or real world accessible may work against explicit specialisation of either method (Brannen, 2005).

The integration of the two methods has for the most part, been through the use of one data collection method. In the case of the NSESS for example, the quantitative questions within the NSESS have been validated, at least in part anyway, by qualitative questions. In this sense the empirical data/research is not as rigid as first identified as data collection and analysis is done by moving between the two distinctive methods at various times and in various

combinations. In a similar vein, the qualitative semi-structured interviews were subsequently broken into quantitative style data, by coding and sorting thus mixing methods.

The empirical research within this study therefore moves from ideas to data and back, in line with a grounded theory approach (Phillip, 1998). The most appropriate method for this research was to adopt a 'mix and match' approach according to the specific requirements of each research phase. This led to the adoption of what Tashakkori and Teddlie (1998) refer to as equivalent status or sequential research design. In essence this meant throughout the empirical data collection equal or similar weight is given to each method, albeit in different data collection areas. Both methods naturally become interactive insofar as they help draw out each others respective benefits, and both became sequenced, meaning that qualitative methods assisted in explaining quantitative results and quantitative research helped set the context for qualitative questioning (see Figure 2.3). As Phillip (1998, p.263) states "...epistemology should inform, rather than dictate, methodological choices".

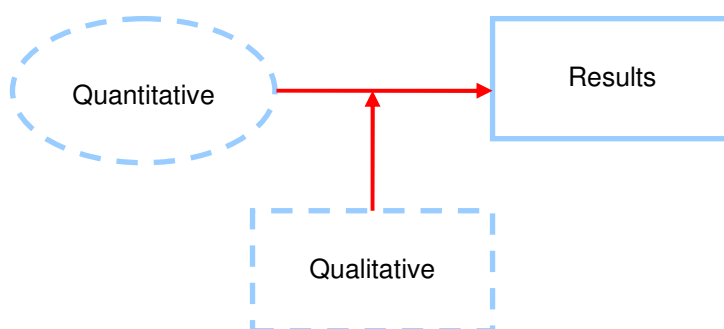


Figure 2.3: Linking qualitative and quantitative methods as part of a sequential research design. Adapted from Tashakkori and Teddlie (1998, p.44).

Development of a ‘Grounded Theory’

Having discussed at least in part the qualitative and quantitative position of this research and its use of intensive and extensive investigative methods it seems only logical to discuss how this research derives theory from its critical realist epistemology. As critical realism suggests that the real world occurs irrespective of our social constructions of it, theory making may seem overly complex. It is however possible to draw upon previous studies of the development of grounded theory (see Flowerdew and Martin, 1997, Punch, 1998, Strauss and Corbin, 1998).

Grounded theory is a theory generated from empirical data, rather than a theory that has been tested using empirical data. In terms of this particular research which commenced without any pre-conceived concepts, grounded theory allows the generation of theory to emerge from the data. As Hammersley states (1992, p.48, quoted in Phillip, 1998, p.268) “... in all research we move from ideas to data as well as from data to ideas”. Grounded theory has therefore allowed me to simultaneously critically analyse, abstract and guide the research through a process of theoretical sampling where data analysis guides emerging directions of empirical research. This relationship is best demonstrated through the more quantitative, extensive questionnaires used to scope national social enterprise support. Figure 2.4 highlights the theoretical sampling process and some particular stages in the research process.

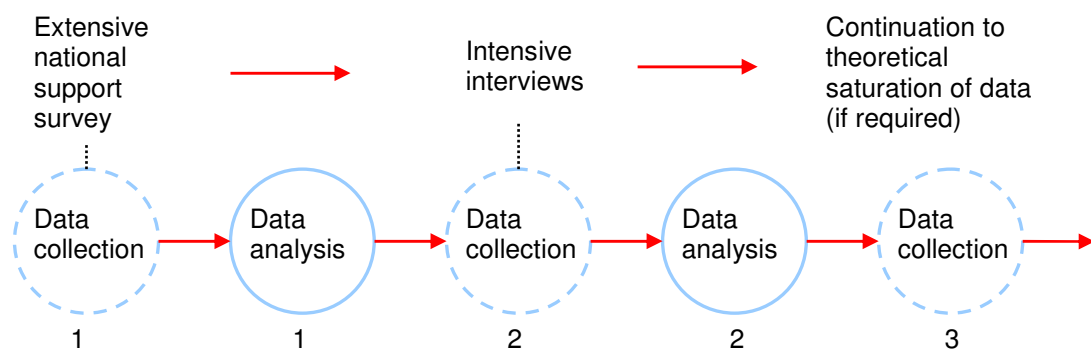


Figure 2.4: Grounded Theory, theoretical sampling and data collection. Adapted from Punch, (1998, p.167).

De-fuzzing concepts and ample evidence: contemporary debates in human geography

As this research combines quantitative and qualitative approaches and requires evidence to be ‘policy relevant’ it is particularly helpful to examine some key contemporary debates in human geography that observe ontological and epistemological changes in the discipline, and that look at what effect they have on quality of evidence and policy relevance. I do not propose to examine all the nuances of recent policy debates, but rather underline the importance of the key issues which have emerged which can help inform this research.

Broadly speaking there has been a shift in human geography research from empirical generalisation relating to place and difference to one concerning the generation of abstraction regarding mechanism, structure and causality. This shift is roughly analogous to the methodological changes brought about by the quantitative revolution in the 1950s and 1960s and more recently the qualitative revolution or philosophical turn during which research became increasingly reliant upon the outcomes of qualitative research techniques. In

line with these shifts there have been wholesale changes regarding how research in critical human geography is undertaken, constructed and applied. These changes have been perhaps best encapsulated by a range of debates catalysed by Ann Markusen in 2003, when she argued that research in some aspects of human geography had become increasingly littered with fuzzy concepts filled with scanty evidence and had become ever more distant from policy (see Hudson, 2003, Johnston et al, 2003, Lagendijk, 2003, Markusen, 2003 and Peck, 2003).

If Markusen's arguments hold any weight at all this research must pay full attention to them. For example Markusen states that a 'fuzzy concept' is a phenomenon or process that may possess more than two meanings. It is certainly the case that recent policy literature and commentary upon the social economy and social enterprise maybe often misunderstood and therefore cannot be relied upon without rigorous methodological and conceptual clarity. Similarly, when choosing the regions for the intensive empirical parts of this study it was simply not sufficient to choose areas that exhibited 'a less successful local economy' or 'a more successful local economy'. The characteristics of actors and organisations within each region must be considered as not to bias responses from one particular organisation type or skew responses from one particular geographical location.

Markusen suggests that fuzzy concepts have spread primarily due to a significant slip in the standard of evidence within published research. Making a clear reference to the perceived divide between qualitative and quantitative research, Markusen (2003, p.704) suggests that it is common within

contemporary human geography research to hear “...those that use data for evidence have no theory and those who ‘do’ theory have no use for evidence”. Here Markusen focuses in particular upon qualitative case study accounts and suggests that many would benefit from a map or statistical summary, are often troubled by poor case study selectivity and are difficult to verify by others because of their time consuming, intensive methods.

In response to Markusen’s comments, Peck (2003) raises a number of interesting and important issues that needed to be considered. Most notably intensive case study work need not be at the expense of quantitative research and that methodological pluralism is vital to ensure high standards of evidence. Indeed this research has already demonstrated methodological awareness of this issue in previous sections by employing a strategic approach that utilises both qualitative and quantitative methods through a grounded theory approach. This has allowed this research to simultaneously critically analyse, abstract and guide the research as it proceeded through each empirical stage in line with grounded theory principles.

The push for increased rigour in academic evidence is also a key concern for Markusen. This is increasingly the case as more and more ‘fuzzy concepts’ are expected to guide and influence policy and decision making. This has been exacerbated by the fact that under-researched concepts become increasingly tolerable the more they are accepted. However the key question for this research, as identified by Hudson (2003) is what constitutes ‘fuzzy’ in a policy relevant context. Is it the case that qualitative concepts such as learning and trust are inherently fuzzy, and therefore are difficult to translate into a

policy context, or is the case that qualitative concepts are only fuzzy when part of poor individual pieces of social scientific research?

The collaborating organisation for this research is Yorkshire Forward, a regional policy maker. It is envisaged that the findings from this research could be used in some form of policy relevant or interpretive documentation. It is important therefore for this research to produce evidence that is workable, robust and more importantly relevant to policy aims. It must retain substantive clarity, remain operational, insofar as it can be interpreted and utilised in a policy context and must withstand scrutiny not just upon its methodological position but upon its quality of real world evidence gathering.

Building a strategic approach into method

The following section describes the strategic approaches used to gather primary research data. It also outlines the changes that were made as the research proposal and data gathering developed and comments upon what problems were encountered and what resolutions were employed. This focus is necessary to describe in detail some of the choices that were made in constructing the strategic enquiry for empirical observation. It is also necessary to align some of the issues discussed previously about the appropriateness of different research methods and strategies, and to place them into an applied research context. In other words, whilst there are common research principles that may inform generic research design, the strategic details of the methods employed by this study are by definition tailored to suit its individual needs. The process of deciding which localities to examine social enterprise support networks was essentially dependent upon

answering one key question, namely how effective is regional and sub-regional support for social enterprise in policies aimed at social enterprise? To answer this question the research needed to examine several key issues, specifically:

1. The influence of local social, economic and political agencies upon social enterprise development.
2. The variance in the quality of social enterprise support.
3. Historical influence of geographies of place, local contestation and the influence of local actors in shaping local social economies.
4. How success is measured.
5. How knowledge is shared amongst policy makers and how they create policy knowledge.
6. How various regional and sub-regional agencies view their efforts at supporting social enterprises.

A key element of the research was to undertake a National Social Enterprise Scoping Survey (NSESS), an exercise that attempted to capture various perceptions of social enterprise development, location and support. As an extensive national survey, the NSESS provided context for intensive qualitative work at regional and sub-regional levels. It is worth noting some of the thought processes that led to the adoption of the NSESS.

1. Drawing upon relevant literature:

Undertaking a national survey attempts to uncover variance in how social enterprise support is developed. Research by Amin, Cameron and Hudson

(2002), suggests that social enterprise works best in already successful local economies. This raises a number of important questions. Firstly, how does the state justify spending often large sums of public money in areas where it is less likely to generate high levels of outcomes? Secondly, how effective are regional and sub-regional support policies aimed at social enterprise in different types of local economy? Thirdly, how is success measured and benchmarked between support providers and fourthly how is policy knowledge created and shared?

2. Politics of sponsorship

Dealing with sponsor power relations and the dynamics of sponsorship have been influential in research design. Yorkshire Forward the RDA for Yorkshire and the Humber are a co-sponsor of this research and require findings to be interpreted in a policy relevant context. Bearing in mind debates surrounding quality of evidence, policy relevance and the recent backlash against intensive qualitative research, the NSESS aimed to move between quantitative and qualitative methods using a grounded theory approach and aimed to provide a context for intensive investigation. This mixed method approach seemed to reconcile several ideas the sponsor originally held regarding the need for expeditious research to produce policy relevant findings, with some pressure to undertake a comparative report comprising just two areas with ill-defined criteria at an early stage.

3. Unique enquiry

This research has a number of unique characteristics. It was the first national survey to research the influence of local social, economic and political

geographies upon social enterprise development. It is also the first national survey to attempt to capture the co-ordination and organisation of social enterprise support. It is also unique in some of the methods employed. For instance the combination of contacting individual respondents via telephone having an informal conversation, directing them to a research homepage and asking them to download the NSESS was innovative. This combination of methods was used for several reasons, not least to try and increase the response rate, but also to assist in giving some form of individual ownership of the questionnaire to the respondent and to help the respondent understand the research by placing it in the context of their own professional setting.

The research questionnaires

In order to fully understand the nature of how support for social enterprise is organised, both regional and multi-regional scales were investigated in two distinct ways. The first piece was an extensive study comprising a National Social Enterprise Scoping Survey or NSESS. The NSESS involved 121 web-based questionnaires to strategically selected policy actors and support organisations across all English regions, including London between late 2005 and early 2006 and comprised a range of questions grouped into three categories; social enterprise and the social economy; social enterprise support and, development impact and growth. Of the 121 questionnaires, 57 were successfully returned which represents a response rate of 47.1%. This figure varies between the regions from 74.6% in Yorkshire and the Humber to 20% in London. A full breakdown of response rates per region can be found in Table 5.1 in Chapter 5.

The questionnaire was piloted in late 2005 to a strategically selected sample of 10 individuals working in policy making agencies and academic research bodies. A qualitative evaluation of responses suggested the administration of the questionnaire via downloading from a designated website was acceptable for the purpose of the study. Although the overall structure and layout of the questionnaire was acceptable some respondents felt it took too long to complete the questionnaire, particularly regarding the qualitative sections. Shortening the questionnaire was rejected as it was felt the best way to capture how respondents co-ordinate and organise support for social enterprise was through qualitative narrative. Feedback also suggested the re-wording of several questions to avoid 'fuzzy' misinterpretation.

The final questionnaire was preceded by a telephone call to individuals working in senior positions. The pre-questionnaire contact was firstly to ensure it was completed by the most appropriate respondent, and secondly to lend personal validity to encourage the completion of the questionnaire and thus increase the response rate. The pre-questionnaire telephone call also directed the respondent to a dedicated NSESS research website homepage where they could uncover more about the research and download the questionnaire. On a few occasions respondents requested the questionnaire as an attachment. In these instances the web link would be replaced with the questionnaire as an added file attachment.

Originally the NSESS was to be a telephone survey, however due to the nature of some qualitative responses it would have been too lengthy and impractical. The questionnaires were semi-structured enabling both qualitative

and quantitative information to be collected at a ratio of 30% qualitative and 70% quantitative questioning. Qualitative responses were analysed by coding and categorising into quantitative responses enabling some comparative analysis. A core of six key policy actors and support organisations in each region, including London, were chosen to participate in the NSESS to reflect their regional and sub-regional policy knowledge. These were the respective regional RDAs, Government Offices for the Regions (GO), Business Links (BL), Development Trusts Association (DTA), Local Authorities (LA) and Regional Assemblies (RA). A matrix containing the location and number of core policy actor questionnaire interviews can be seen in Table 2.2.

Region	Core policy actors and support agencies						Total
	RDA	GO	BL	DTA	LA	RA	
Yorkshire and Humber	1	1	4	1	4	1	12
North East	1	1	4	1	5	1	13
North West	1	1	5	1	4	1	13
London	1	1	1	1	5	-	9
South East	1	1	6	1	7	1	17
South West	1	1	4	1	4	1	12
East of England	1	1	6	1	5	1	15
East Midlands	1	1	5	1	6	1	15
West Midlands	1	1	6	1	5	1	15
Total	9	9	41	9	45	8	121

Table 2.2: NSESS Sample Matrix

As each English region has a different number of core policy actors, due to size, political and administrative composition, some purposive sampling was required. This in particular was due to high numbers of local authorities in some areas and an extensive list of organisations that lay claim to being key

policy or support agencies. Purposive sampling was used to identify respondents believed to possess characteristics which could benefit this study. This type of sampling also allowed for theory-driven research in line with a grounded theory approach. In this sense the sampling plan for this study could evolve for the different parts of empirical research thus helping decide what data to collect next (Punch, 1998, Strauss and Corbin, 1998, Glasner, 1992).

Choosing the particular local authority sample was more problematic due to the large numbers of local authorities in each region. The sample was chosen in two ways. Firstly, the number of local authorities in each region was grouped into 3 categories. A set percentage sample was taken from each region to ensure responses were not skewed by large numbers of local authorities in any region (see Table 2.3).

Number of LA's per region	% Contacted
20-30	20
31-40	15
41-70	10

Table 2.3: Percentage of local authorities sampled against actual number per region.

The next stage involved identifying actual LA's to include in the study. Each one of the set percentage samples enabled a range of local authorities to be drawn from the Office for National Statistics (ONS) Area Classification for Local Authorities. A purposive method involving strategically selecting individual local authorities according to their Area Classification was deemed

to be the best method of ensuring an even mix of local authority types demonstrating local variability and character.

Data from the NSESS were analysed in two ways. The qualitative data, which comprised 30% of the questionnaire, was coded and axial coded into key themes. The remaining quantitative data were analysed using the computer software, Statistical Package for the Social Sciences (SPSS) which enabled the generation of tabulated and cross-tabulated data and national and multi-regional comparative analysis. The data were transferred to Microsoft Excel, converted into graphs and tables and is analysed in Chapter 5.

The research interviews

The second piece of empirical data collection comprised 15 face-to-face semi-structured interviews of policy makers and providers of support between October and December 2007. A sample of 16 organisations was originally intended to be interviewed, however difficulties in obtaining the most appropriate individual in one particular organisation, primarily due to time and commitment issues, meant that a total of seven interviews were undertaken in the North West region and eight in Yorkshire and Humber region. Consideration was given to selecting another organisation to interview, however after conducting 15 interviews it was deemed little significant data would be added that had not already been uncovered. This is in line with a grounded theory approach adopted, specifically regarding the level of theoretical saturation reached (see Strauss and Corbin, p.292 and Figure 2.4).

Both the North West and Yorkshire and Humber regions were chosen as a focus for investigation for a number of reasons. The Yorkshire and Humber region was selected as a specific study area as Yorkshire Forward, the RDA for the region is a co-sponsor of the research. Both regions exhibit a number of differences and similarities surrounding economic and social polarisation, business competitiveness, workforce and skills development, social exclusion, de-industrialisation, regeneration, unemployment and benefit dependency in both urban and rural areas, at the same time as having strong regional identities (While, 2000, Yorkshire Forward, 2003, Leeds City Council, 2004a, Manchester City Council 2008).

Additionally, some areas within both regions have retained a strong base for community and social enterprise development, assisted by European Union Objective One funding since the early 1990s. Additionally, findings from the NSESS influenced the decision to use the North West region. Some responses from North West suggested that organisation and co-ordination of support for social enterprise and the way in which respondents view the development of the social economy, to be of particular interest (see Chapter five). Other findings from the NSESS highlighted shared issues with the Yorkshire and Humber region around economic performance and the location of social enterprise but differed in the way some governance structures support social enterprise. It is worth noting though that these issues are not examined by region by region analysis because some data needed to be re-categorised due to some low regional response rates.

Other locations could have been chosen to provide a contrast of having a known longer-term history of active social enterprise support and/or a different regional institutional architecture. Some regions particularly in Scotland have these traits and were considered, yet rejected because it was deemed more practical and desirable for the co-sponsor of this research (Yorkshire Forward) to examine findings from another English policy context. Drawing conclusions from Scottish or Welsh arrangements may not translate to English regional policy as easily. Finally, travel costs and time constraints were taken into consideration with particular difficulties faced travelling to the South East and South West.

Pre-interview contact was made with organisations via letter and telephone conversation. This provided a broad topic guide, overall objectives of the study, assurances regarding confidentiality and relevance of the research to their core business. The aim of the pre-interview contact was two-fold; to ensure the most appropriate person in the respective organisation was interviewed and to build a relationship with the prospective interviewee with a view to obtaining information of value. The interview questions covered success, knowledge and policy construction and social enterprise support and development. Each interview lasted approximately one hour and was recorded using a digital recording device.

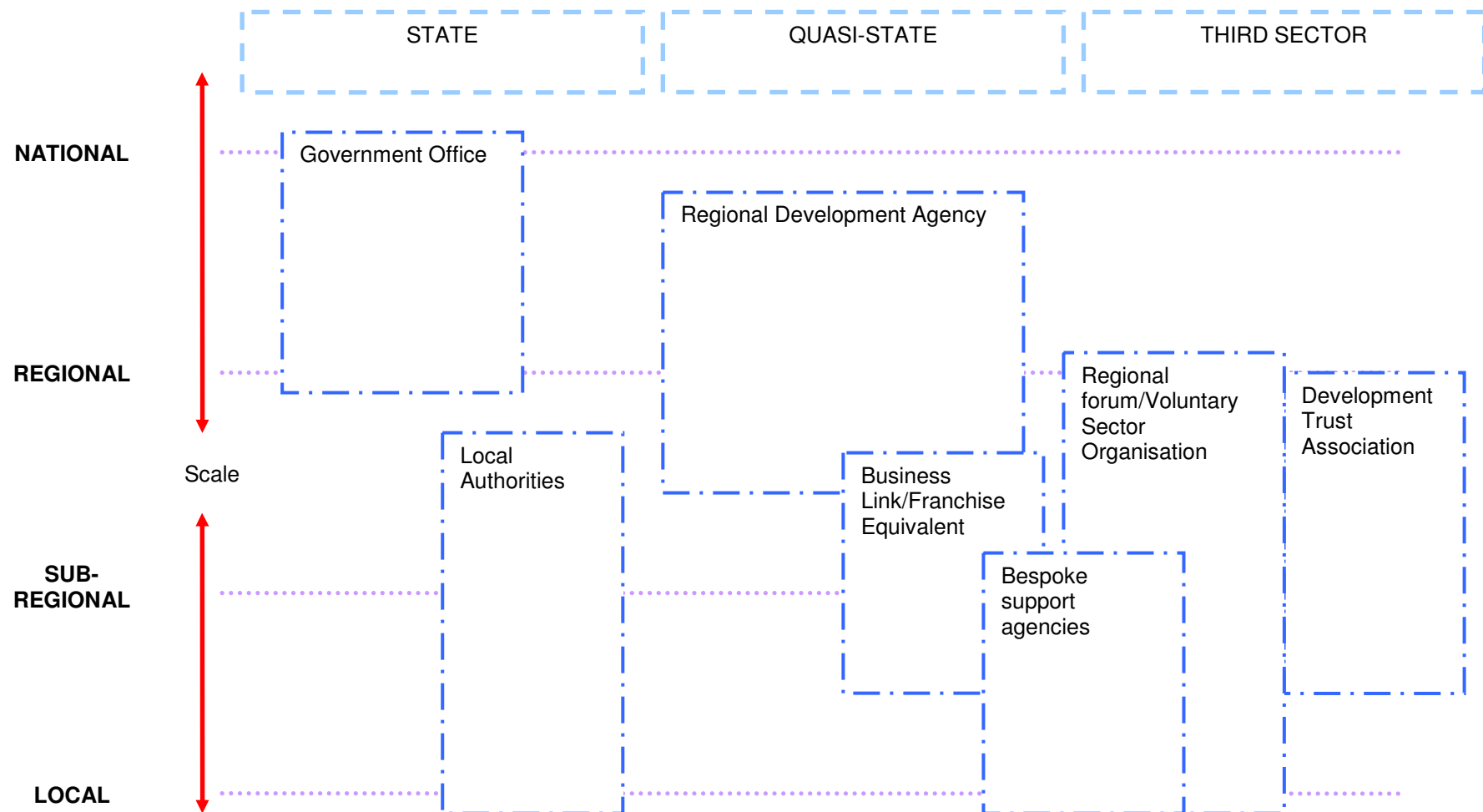


Figure 2.5: Organisation mapping and the selection of interview agents.

The sample of organisations allowed the economic and social diversity within each region to be captured. Similar to the sampling method used for the NSESS, sampling for the interviews considered the location and type of a number of key regional and sub-regional policy actors. A non-random purposive method was used to identify the most relevant organisations to interview. Additionally, organisations were chosen to reflect different spatial scales and to reflect differing relations to the state. Figure 2.5 displays the results of an organisational mapping exercise which aided the thematic selection of organisations. A list of organisations contacted can be found in Table 2.4.

Due to issues of confidentiality no individuals will be referred to by name. For the purpose of analysis each organisation is assigned a random identifier code; YH1–YH8 and NW1–NW7. The codes and whom they identify remains confidential.

Yorkshire and Humber	North West
Government Office	Government Office
Regional Development Agency	Regional Development Agency
Development Trust Association	Development Trust Association
Regional Forum	Social Enterprise Network
Social Enterprise Support Centre	Manchester Enterprises
Business Link West Yorkshire	Manchester City Council
Social Enterprise Yorkshire and Humber	Greater Manchester Centre for Voluntary Organisations
Leeds City Council	

Table 2.4: Organisations participating in intensive interviews

The semi-structured method of interview was chosen as it allowed a degree of conversation between interviewer and interviewee allowing guidance and clarification where necessary. All the questions were asked at each interview in the same order, however, allowing scope for some flexibility to go over and discuss certain points with the interviewee. An intensive qualitative interview uses a less formal approach than an extensive questionnaire such as the NSESS therefore allowing greater interaction with the interviewee thus enabling the researcher to probe the significance of various decisions and interpretations of success and knowledge transfer. There are however some issues to consider when using qualitative interviews. Firstly there is the possibility of the interviewer injecting bias into the interview with subjective comments about a particular topic which must be avoided. There are also issues regarding the interpretation of material gathered. These are mainly about the number of respondents being too small to code into meaningful categories and sub-groups or about the number of respondents being too large meaning only fragments of interview transcripts are used (Robinson, 1998). Both these examples should be avoided with the use of a grounded theory approach which incorporates a theoretical saturation limit to qualitative data collection. Additionally, cross-checking for anomalies against other literature helps the verification of findings.

The interviews were analysed through a long-hand filtering or recursive system. Although computer software is available to assist in the analysis of qualitative interviews, the long-hand system was preferred as it allowed a greater interaction and ultimately understanding of the material (Robinson, 1998, Flowerdew and Martin, 2005). The long-hand method comprised the

formalising of the interview transcript into key categories which naturally fell in line with key themes within the interview topic guide. Each category was subject to axial coding providing greater detail upon certain themes and re-occurring topics. Similarly the axial coding was done long-hand by cutting into piles and pasting onto large paper sheets. The final codes and axial codes were used to theme the write up and analysis of findings in Chapter 6.

Conclusion

This chapter has outlined the theoretical perspectives this thesis draws from and has suggested how they have influenced the strategic elements of empirical data collection. The advantages of critical realism were identified as an appropriate approach and influence upon research design particularly regarding the use of grounded theory. An extensive national survey can allow suitably qualified generalisations about events and patterns, setting a context for more intensive qualitative investigation focussing upon causal processes and structures. The research will combine the use of intensive and extensive methods and will triangulate qualitative and quantitative approaches to allow for the most appropriate data collection methods. This synthesis will provide a richer, more detailed view of regional and sub-regional support policy construction and knowledge transfer.

The next two chapters inform the study and data collection process through critical examination of key literature and debate and by exploring key strategic and theoretical structures that have influenced the state, the market and the third sector in relation to the development and geography of social enterprise and the social economy.

The following chapter follows on logically from this one and will observe the relationship between CED, social capital and policy learning. It will examine the impacts social economy organisations and wider local regeneration policies can actually have on local environments and will critique how the state evaluates policy impacts in the context of policy learning and fast policy regimes.

Chapter 3

Community economic development, social capital and
policy learning

Introduction

The growth of social enterprises in England over the last 15 years or so has occurred within a rapidly changing political, economic and social framework. Changes in the strategic role of the state combined with new scales of regional and sub-regional economic governance have contributed to a specialisation amongst local economic delivery bodies as they seek to mobilise local actors and social innovators to respond to social problems (Amin, Cameron and Hudson, 2002, Beer, Haughton and Maude, 2003, Lévesque and Mendell, 2004).

How localities could and should respond to national and global issues requires consideration as it is important in helping understand the recent rise in social enterprise activity. The ways in which local policy makers and community actors are mobilised to contest and develop socially enterprising organisations will always depend upon both specific social circumstances of locality as well as macro economic issues. How local voice and advocacy, ability and willingness of the local state and local economic capacity, including social capital and community potential, combine ultimately helps shape social context and network connectivity. This enables a local response to social exclusion and economic decline.

Chapter four examines several inter-related themes. It begins with a brief description of the 're-discovery' of the social economy and considers the growth of social enterprise organisations against a context of recent CED approaches to develop local capacity and social capital. This critique involves an examination of the current geography of social enterprise and the wider

social economy in the UK. At a more theoretical level, the role of the Third Way and the organisations that populate the third sector are critically explored, analysing the altering role of national and local state activity in fostering social capital and local development networks. This leads to an examination of the relative impacts social economy organisations and wider local regeneration policies can actually have on local environments. The chapter concludes with a critique of how the state evaluates policy impacts in the context of policy learning and fast policy regimes.

Social economy cycles and waves of mutuality

The potential of the social economy to achieve sustainable local regeneration has been central to many UK political and academic debates but only for a relatively short time. Interestingly however, the current increase in social economy activity appears to be the latest in a long line of local economic development cycles. Moulaert and Ailenei (2005, p.2037) suggest that the social economy is not a new phenomenon and has emerged and re-emerged “....through terminological space and time...”. Put another way, the emergence or in this case the re-emergence of social economic practice in the mid 19th Century and the period covering the past 25 or so years suggests that different time periods can be distinguished by the way specific locations develop institutional activity to tackle social or economic inequality whether through state or market orientated methods, or alternative approaches (Hudson, 2005b).

The contemporary social economy can therefore be traced back to its roots via an alternate circuit of social economic activity in the 19th Century. Although

not a period with any direct relevance for this research, it is nevertheless interesting to consider some of the more significant elements that helped shape current ideas about the development of the social economy and social enterprise. Innovations from this period essentially arose from poverty and exploitation during the industrial revolution and the rise of alternate or mutual practices for workers such as workers co-operatives and craftsmen's guilds. Other key features included an increase in state led experimentation to tackle early forms of social polarisation, usually manifested through increasing numbers of industrial workers housed in poor conditions (Mayo, and Moore 2001). These two key formative features were ultimately borne from visions and ideas both from associative organisations, normally under the control of the Church or the state and from new radical or 'free' associations that were conceived in reaction to both the influence of the Church and state and of heightened awareness of market brutalities. Both of these approaches influenced the formulation of the social economy through key 'utopian socialist' and 'liberal' ideas that promoted co-operation, mutual support and praised economic freedom and rejected state intervention in the market place, notwithstanding state involvement in attempts to improve social conditions (Moulaert and Ailenei, (2005). This approach is illustrated in Figure 3.1.

Several broad themes can be associated with current trends in the growth of the contemporary social economy. The first considers the aforementioned social economy cycles, also known as "... alternative circuits..." (Moulaert and Ailenei, 2005, p.2038). The key characteristics here are largely based upon the notion of 'alternative circuits' of practice, policy making and concepts involving changing modes of capitalist regulation or periods of crisis, including

failings of the state (Spear, 2004, Moulaert and Ailenei, 2005, Hudson, 2005b). The emergence or re-emergence of the social economy and associated growth in supportive institutions can be observed as part of a response to cyclical periods of socio-economic crisis.

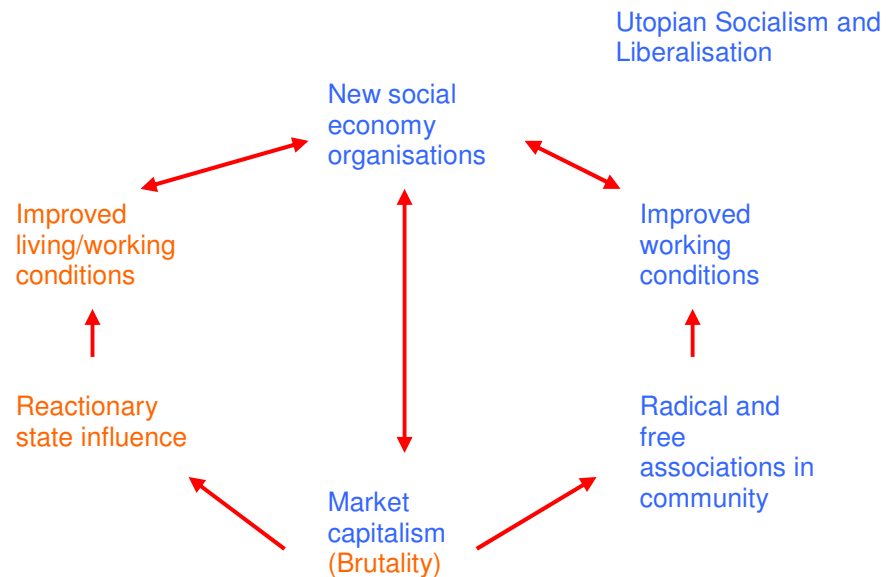


Figure 3.1: Reaction to capitalist brutality during the 19th Century and the growth of socially economic activity. Adapted from Moulaert and Ailenei (2005).

The second theme refers to several periods of growth highlighted by Bouchard, Bourque and Lévesque (2000). The first period they identify commenced in the 19th Century and covers a transition from craftsmen guilds and corporations to workers mutuals. This was mainly in response to an expansion of capitalism through a stable regime of accumulation, and ultimately helped to provide workers with an alternative to deregulation and increasing professional and social risks. Professional risks in this sense included unemployment, strike, mechanisation, influence of global markets. Social risks included accident, illness, shelter and lack of food (Fulcher, 2004, Moulaert and Ailenei, 2005).

Thirdly, a period can be associated with the 1970s onwards as 'Fordism' became increasingly vulnerable to wider global influences, such as rising energy prices, advances in technology and communication (Amin, Cameron and Hudson, 2002, Hudson, 2005b). In ways that were similar to those experienced during the first economic crisis mid-way through the 19th Century, the latter third of the 20th Century and early 21st Century has also experienced an alternate circuit of social economy 'reaction'. This description draws parallels with what Mayo and Moore (2001) consider the latest 'wave' of mutuality which they suggest commenced after the election of Margaret Thatcher's Conservative government in 1979. Molloy, McFeely, and Connolly, (1999) echo this notion by suggesting the latest wave of mutuality was partly in response to policies that promoted the benefits of individualism over collective responsibility, also noting that the growth of social economy organisations seemed to be part of a counter-reaction to develop local collective alternatives to development and employment. In a similar vein Boddy (1984) notes how a growth of local and alternative economic strategies was in reaction to national economic crisis during the early 1980s, in effect trying to develop pockets of positive activity at local levels.

Fourthly and finally, especially over the last 15 years there has been a general global shift away from social welfarism to a market influenced approach to wider social change, which has in turn influenced an increased interest in exploring the potential of the social economy to tackle local regeneration issues (Lévesque and Mendell, 2004, Phillips, 2006). There does seem however to be an interesting dualism. Work by Tomás Carpi (1997) and Dart (2004) link the growth of social economy organisations to the orthodoxy and

influence of the capitalist system, suggesting that pro-business and pro-market values have had a positive impact upon the growth of social economy organisations. Yet at the same time the number of social economy organisations co-opted into activities normally undertaken by the state also continues to grow. More specifically this growth seems to be in two main areas. Firstly, a greater number of larger corporatist or general interest organisations are offering alternatives to state services and secondly, a growth of smaller more radical or mutual organisations is creating a tiered hierarchy in the social economy, meaning the current alternate cycle has allowed for alternate economic spaces to develop (Mertens, 1999, Fuller, and Jonas, 2003, Leyshon, Lee and William, 2003, Fyfe, 2005, Moulaert and Ailenei, 2005, Raco, 2005, Phillips, 2006, North, 2006). This is discussed in more detail later in this chapter.

Community economic development: building social capital and the social economy

The trend toward the increasing globalisation of the UK economy has resulted in many localities being further distanced from accessing mainstream services (Twelvetrees, 1998, Gillard, et al, 2000). However, over the past 20 or 30 years a great deal of national regeneration policy has sought to redress this increasing polarisation through predominantly top-down policy intervention (Haughton, 1998). Yet, as national regeneration policy evaluations have continually shown, interventions based upon spending large sums of private and state capital over relatively short lengths of time and which do not harness local Community Economic Development (CED) approaches, tend to fail (Haughton, 1999, Armstrong, Kehrer and Wells, 2001). As such, CED typically

refers to a mobilisation of localised resources with an intention of creating sustainable regeneration and economic inclusion within marginalised localities (Haughton, 1999).

The degree to which central and increasingly local government and their agents have supported CED and more generally bottom-up approaches to regeneration has in fact fluctuated over recent years. Currently however, CED is attracting the interest of increasing numbers of academics and regeneration practitioners who regard community and local development programmes as one of the more appropriate methods of holistic integrated approaches to area regeneration and tackling social exclusion (Haughton, 1998). Furthermore, CED approaches have tended to retain a great deal of appeal among policy makers and politicians alike principally because they allow them to appear to stay in touch with the needs of local communities (Popple and Redmond, 2000, Miles and Tully, 2007).

Although many similarities can be drawn between current CED approaches and previous attempts at community-based regeneration, there are some fundamental differences (Popple and Redmond, 2000). Similarities can be observed through the historical range of locally based activities undertaken in relation to community and local economic development, such as localised action research into causes of poverty, lobbying functions and training and capacity building programmes, many originating from localised radical attempts in the late 1970s and the community engagement focus of competitive partnership approach of the mid to late 1990s (Pearce, 1993). Since the 1970s community-based and sub-regional regeneration and

economic development agents have also bequeathed a widespread range of what are now considered accepted policy tools in many areas, which arguably allow contemporary CED agents to tackle local regeneration in different ways (Haughton, 1999, Haughton, Beer and Maude, 2003, Pike, Rodríguez-Pose, and Tomaney, 2006).

The noticeable difference exhibited by contemporary forms of CED tends to be less about the specific tasks they undertake, and more about the fundamental reasons for undertaking them (Poppo and Redmond, 2000). In line with this change Harloe (2001, in Cochrane, 2007) considers how contemporary CED approaches are now seen typically as a potential for economic success rather than simply tackling symptoms of economic failure. In part this explains a recent growing policy interest in local organisations that exhibit an enterprising or entrepreneurial nature, although it raises questions about the availability of new policy tools needed by social enterprising organisations and indeed those offered by support organisations. Additionally, since the late 1990s the way central government monitors policy programmes and gathers intelligence about locally based CED and regeneration schemes has become increasingly pervasive as they seek to use targets and outputs to measure policy success, often resulting in quick-win policy and increasingly short-lived projects (Poppo and Redmond, 2000, Fyfe, 2005).

This shift also raises questions about how the relationship between the state and local community delivery agents is changing. The way in which many communities and local development bodies have become central to the delivery of Third Way policies has raised many issues concerning the

willingness of CED agents to be co-opted into wider activities of the state. In some parts of the UK this shift has ultimately begun to split the wider social economy sector into larger corporatist or general interest organisations are offering alternatives to state services and smaller more radical or mutual organisations, creating a tiered hierarchy (Haughton, 1999, Popple and Redmond, 2000, Fyfe, 2005).

The reason for the apparent polarisation of social economy in this sense is in part explained by Mayer (2003, in Cochrane 2007), who suggests favourable public sector contracts and guaranteed sustainable income for example do not adequately explain polarisation within the sector. Mayer suggests a link between organisations that tend to avoid conflict, be less radical in their CED approach and attempt to develop social capital. In turn these organisations that are more likely to benefit from mutual network contacts and more likely to grow. This cycle tends to exclude more radical specialist community-based social enterprises. The suggestion here is that relationships are developed at a local and sometimes sub-regional scale between key players in the local economic development process such as local authorities and social economy agents, which according to Lukkarinen (2005) enhanced certain development characteristics such as economic inclusion, reinforced democracy and the creation of social capital. Whilst this appears to be a slightly overly simplistic view of local requirements, it does raise questions about how local regeneration or development partnerships add value and attempt to apply ethical principles to the regeneration process.

Debates in Chapter 4 consider the way social enterprises and other social economy organisations are in fact based upon certain characters and values. The main approaches used by CED agents tend to broadly share many of these norms and values. However, Haughton (1998) suggests many of these principles, particularly those relating to the fostering of sustainable policy approaches to CED, have historically been subjugated by wider partnership needs or have been rooted in competitive regeneration systems under “... neo-liberal game rules of inter-local competition...” (ibid, 1998, p.872). This type of competition tends to lead to the duplication of many social enterprises and their support services as they compete to grab whatever they can whenever they can. In this sense, in line with a true bottom-up approach sustainable regeneration would see increasing amounts of decision making upon things such as public services, undertaken by local communities through local partnerships that are grounded in ethical, sustainable development principles.

To help further contextualise debate surrounding social capital, CED and evolving ethics and principles in regeneration it is worth briefly examining what Haughton (1998) refers to as explicit ethical principles which are considered to be a potential guide in developing sustainable regeneration. This is highlighted in Table 3.1. Haughton (1998) argues that these guiding principles should be seen as evolutionary and should not be viewed as static. Cochrane (2007) broadly agrees with the notion of guiding principles however also suggests the latest ‘themes’ surrounding community development are less about ethics and morality but more about economising the community. Put another way, developing communities is seems to be essentially about either increasing

income, building financial capital or reducing economic leakage, a view which is generally shared by West (1999) who suggests developing communities is as much about making communities better off financially as well in terms of personal development capacity.

Principle	CED/grassroots approach
<i>Inter-generational equity</i>	Long term approach to capacity and asset building. Longer term sustainable jobs for local people.
<i>Social justice</i>	Emphasis on socially valuable and usable products, equality of opportunity, opportunity to participate.
<i>Geographical equity</i>	Attempts to create local economy for local people
<i>Participation</i>	Engagement of local community at all stages of regeneration policy and implementation process.
<i>Holistic approach</i>	Attempts to improve local economic development, social conditions and environment in line with ethical principles.

Table 3.1: Principles of CED and sustainable regeneration. Adapted from Haughton (1998, p.873).

Furthermore, Moulaert and Nussbaumer (2005) agree that the generation of social capital is underpinned by economic capital, suggesting the two, and all other local forms of capital in neighbourhoods, such as cultural capital, can not and perhaps should not be disassociated. Interestingly, it has been suggested that bottom-up types of community development do not always lead to the generation of other forms of capital without changes in local economic and governance institutions (Amin, 2005). In the wider 'economising the community' debate however, Cochrane (2007) does not disassociate the development of social capital and other forms of capital. In this sense, some of the principles Haughton (1999) refers to, particularly relating to equity, social justice, participation and in some respects holistic approaches to CED are in fact references to the development of social capital without specific mention.

What is interesting here is the role of CED agents and social enterprise in the growth of social capital, and ultimately locally regeneration. The seemingly overly simplistic view by Lukkarinen (2005) that local relationships must lead to the development of reinforced democracy and the creation of social capital must now be subject to deeper examination. Firstly, there is a general consensus that social capital represents a bond between individuals and organisations developed through a trust and mutual understanding through reciprocal actions and mutuality based upon shared values. This reinforces the argument that the outcomes and outputs of networking social groups must be either enough to lobby established local and sub-regional regeneration bodies or enough to develop their own vehicles through the creation of social enterprises (Haughton, 1999, Evers, 2001, Pearce, 2003, Kay, 2006, Cochrane, 2007, Coulson and Ferrario, 2007, Miles and Tully, 2007).

Secondly, although recognition here is given to the distinction between what Hulgård and Spear (2006) refer to as *voluntarism social capital* generated through private individuals and *institutional social capital* generated through changing roles and networks of local institutions, this research relates to both simultaneously emphasising the roles of individuals *within* institutions which act as "... bonds..." and "... bridges..." (ibid, 2006, p.87). Bonding social capital in this sense relates to exclusive or familiar relationships and bridging social capital to the linking of networks and associates that may not know one another (Carilli, Coyne, and Leeson, 2008, Meadowcroft and Pennington, 2008).

The local dimension to creating social capital, namely the forging of relationships, partnerships and networks of association at a local scale, is a trait often exhibited by social enterprises. Certainly social enterprise and social economy organisation goals typically allow a range of relationships and partnerships to develop which on the surface at least, appear to fit well with the notion of social capital (Evers, 2001, Hulgård and Spear, 2006, Coulson and Ferrario, 2007). Debates covered in Chapter 4 also explore the fluidity of social enterprise which allows many of them to both bridge social and economic goals and to become embedded within local organisational networks, such as community groups, financial institutions, local authorities, volunteers and political institutions. Both of the above examples draw parallels with what Alder and Kwon (2002, in Weisinger and Salipante, 2005) refer to as three components of social capital, namely *opportunity* of individuals to engage with others, *motivation* to share and network through common interest and *ability* to share through a flexible network yet fails to account for cross-cultural ability and variety in their needs, the availability of experienced individuals and the willingness of individuals to share knowledge.

One of the main problems here revolves around how success is measured, in terms of the creation of social capital. The attractiveness of CED agents and their ability to develop social capital is beginning to create pressure among policy makers to gauge the success of local regeneration projects. This has stemmed from the intangible nature of outcomes associated with the development of social capital and the inevitably subjective interpretation of results (Miles and Tully, 2007). Results from the CONSCISE project (2000 – 2003), examined the contribution social capital can make to the social

economy and found social capital can paradoxically, be measured by its relative lack of existence in areas of disadvantage. This of course gives little indication about the success of other specific development policies (Kay, 2005). What is interesting from the findings however is how social enterprises can typically create social capital by building upon existing social capital. This would indicate that localities need to exhibit a baseline level of social capital through CED capacity building projects in order to develop and foster social enterprise development. This raises the question of whether social enterprises work better in areas of less disadvantage or areas with CED capacity building projects. It also appears to contradict Evers (2001) who stresses that social capital is not a pre-condition for state policy but rather something co-produced. Evers (2001, p.297) goes on however to suggest that social capital represents a well-functioning civil society with "... interplay between economic, social and political institutions...", perhaps suggesting that whilst social capital is not a pre-condition for local development it is nevertheless preferred.

Miles and Tully (2007) suggest that many debates on social capital often infer a causal relationship between the development of social capital and the creation of economic prosperity. Often these debates refer to the context in which social capital needs to be generated as being one of grassroots or bottom-up (Haughton, 1998, 1999, Kay, 2006, Miles and Tully, 2007). However, Trigilia (2001) suggests some form of top-down state directive is required to help mobilise other local resources, acting as a catalyst for latent potential. Mayer (2003, in Cochrane, 2007) agrees, suggesting a combination of state mobilisation from above and capacity building from below can in fact help solve uneven development and marginalisation within some communities

as local networks of trust are often not sufficient to support the co-operation needed to sustain development and realise local potential (Lewis and Chamlee-Wright, 2008). In fact Carilli, Coyne and Leeson (2008, p.212) regard government intervention in the generation of social capital to be quite common, with it acting as a "... exogenous shock aimed at shifting the existing structure of social capital".

It has been noted however that state intervention in the catalysation of social capital is not always beneficial. Individuals may consider state involvement as an attack upon the exclusivity of their social bonds resulting in retraction into smaller closer-knit units. This would logically make the development of bridging social capital and the sharing of knowledge inherently more difficult. Additionally, a more cynical observation would see increased activity from the state as an attempt to co-opt local organisations into activities of the state. Meadowcroft and Pennington (2008) also suggest economic or market forces may in fact lead to the erosion of local trust, therefore rendering the development of trust networks inherently more difficult in certain areas. In this sense the role of the mainstream market in relation to the development of social capital is "... parasitical in nature... [which]... undermines... social institutions and relationships... and thereby leads to the erosion of shared values and goals..." (Lewis, Chamlee-Wright, 2008, p.109). One may intuitively assume however in areas of most disadvantage where it could be argued there is a lack of mainstream local economic activity, the opportunity to develop at least bonding social capital to be plenty, yet the erosion previously referred to may leave people in deprived areas with little option but to live their daily lives on the basis of personal cost and direct benefits associated with

that cost. This example perhaps paradoxically, re-affirms the importance of top-down government intervention to disperse the effects of the local market and to catalyse local social institutions and CED projects.

Parallel to how many contemporary CED approaches are seen as a source of potential for building economic success rather than simply tackling symptoms of economic failure, CED activities can also be viewed as a liberating force of local potential rather than being reactionary or being in place to manage decline (Popple and Redmond, 2000). This view is shared by Miles and Tully (2007) whose research for One North East, the RDA for the North East region of England, attempted to account for how CED and social capital building activity linked directly to economic prosperity. We can explore this research further by considering how CED activities can be used not just to improve employability, but also to generate specific employability skills, principally relating to the development of social entrepreneurship for example, which in turn could lead to the development of further social capital. This example is highlighted in Figure 3.2. Meadowcroft and Pennington (2008) suggest the link between social capital and economic prosperity is not just about developing *thick* social bonds, between individuals for example, but is about developing *thin* bridging bonds, that allow knowledge exchange between organisations that does not require personal knowledge or individual characters or values. The argument put forward here is that the development of specific social entrepreneurship skills can lead to local economic development given a favourable local institutional environment. As Carilli, Coyne and Leeson (2008, p.216) consider, policy emphasis should be placed “...on creating an environment whereby social entrepreneurs can discover

new combinations of social capital” rather than direct state intervention. This of course does not preclude the creation of the conditions necessary, through CED projects for example, to initiate local change, as highlighted in the bottom section of Figure 3.2.

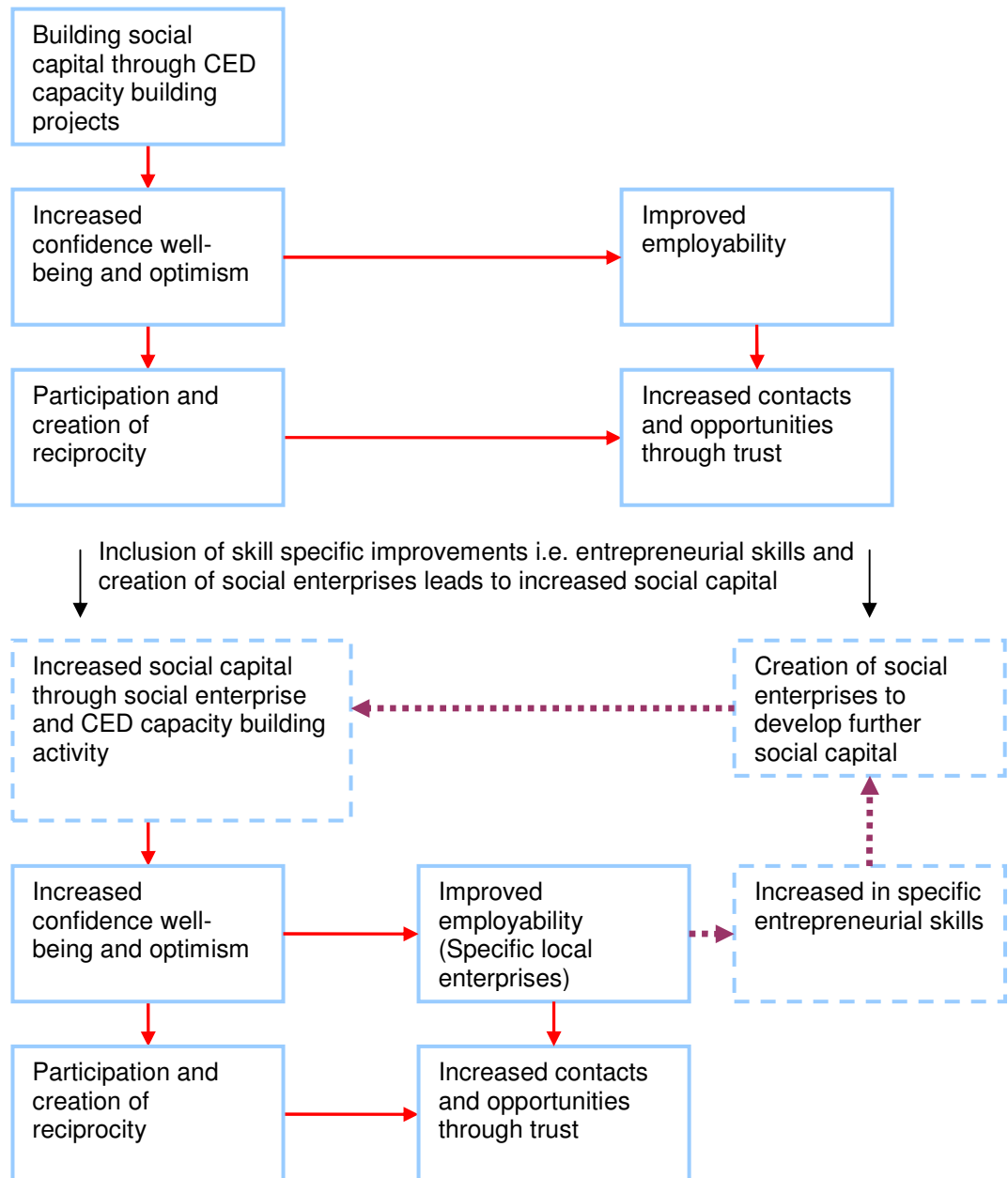


Figure 3.2: Social capital to economic prosperity: the potential role of CED and social enterprise in generating increased social capital. Adapted from Miles and Tully (2007).

Positioning social enterprise and the social economy

Much of the debate about CED activity has revolved around local and sub-regional scales, but it is always necessary to examine the wider geography of social enterprise and the social economy. This is important not least because parts of the last two sections began to examine the notion of how parts of the social economy have been co-opted into state activities to tackle social and economic crisis. Additionally, latter parts of the previous chapter began to consider social enterprises as being more flexible and dynamic, exhibiting both static broad dominant values and specific fluid qualities. This has seen social economy organisations, but more specifically social enterprises, develop certain institutional elements which have allowed many of them to become embedded within local organisational networks, such as community groups, financial institutions, local authorities, volunteers and political institutions for example.

Pearce (2003) considers the social economy to have three separate and distinct systems, as seen in Figure 3.3. This three sector analysis is useful as it helps us to understand not only the position of the social economy but also helps conceptualise the way elements of the social economy use or hybridise the other systems to develop, trade, obtain grant funding and network within established markets and political systems. In this sense the social economy, based upon reciprocity, self help and mutuality, is by its very nature in existence because of its ability to move within and between the first system of market driven trading and the second system of the planned economy or economy based upon the redistribution of resources. A comparison can be

drawn here with what Haughton (1999, p.13) refers to as three dominant 'ideal-typical' classical local economic development approaches.

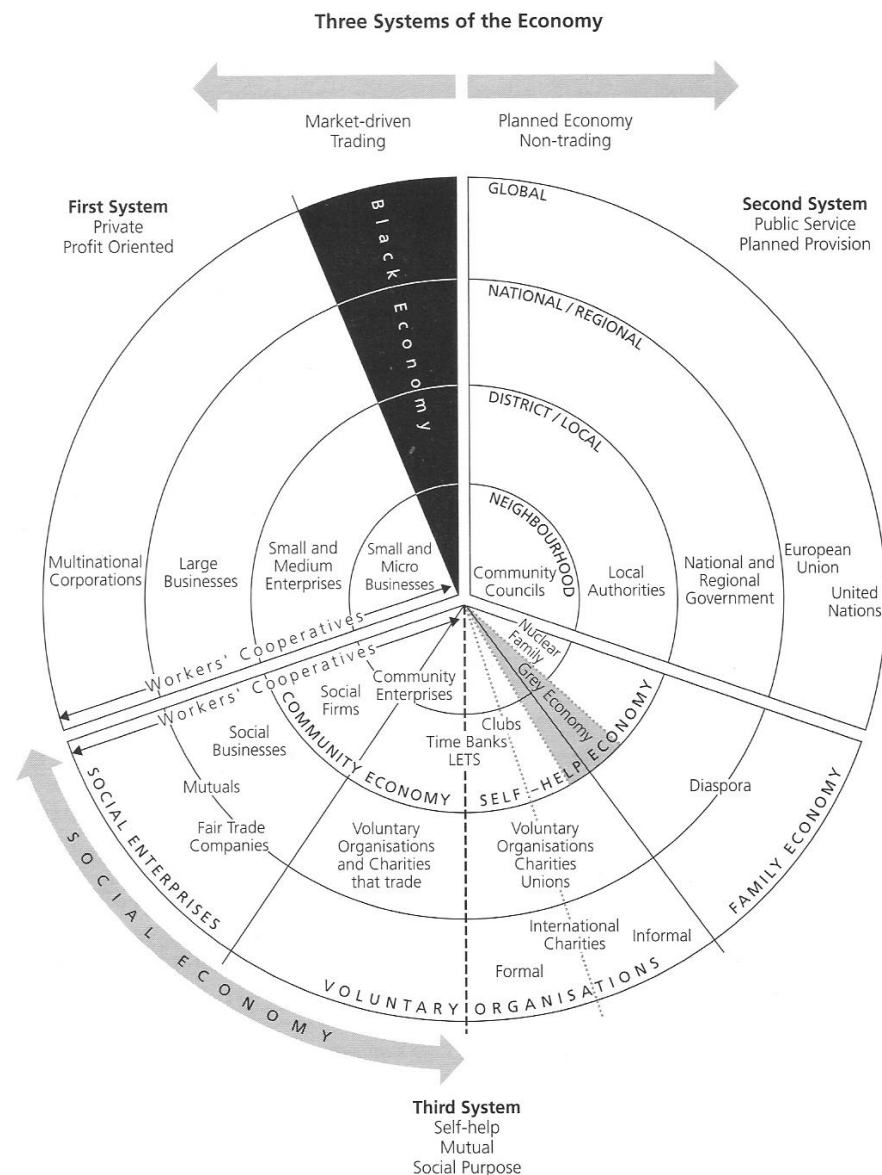


Figure 3.3: The three systems of the economy and the position of the social economy. Pearce (2003, p.25).

Social economy organisations therefore seem well placed to network with organisations from different sectors operating at different scales which, as previously discussed is important for some localities as they may require some form of top-down catalyst from the state or its agents to mobilise local latent resources (Laville and Nyssens, 2004, Trigilia, 2001). Jessop (2002) describes the relative fluidity of social economy organisations as a 'tension

field' with the boundaries being the state, the market and the informal sector, with third sector organisations shaped by the respective influences of state institutions, market forces or family and community. Storper (2005) suggests a deeper relationship, principally between society and community which affects not only bonds and relationships between individuals but institutions also, which must affect the way in which individuals can participate and interact within their local economy.

Re-orientation of the state: making space for the social economy at a local level

The previous section suggested that a third system of social economy organisations is in operation at various scales, catalysed at least in part by alternate cycles of economic or social crisis and in part by a recent re-orientation of state activities and local regeneration policy experimentation. Although there is a great deal of literature detailing an emergence of a Third Way since the 1970s, it is necessary to examine in greater detail some of the more recent policy shifts that have enabled further growth of the third sector and the social economy in the UK (Mertens, 1999, Defourny, 2004).

The most recent influential period that brought about key policy shifts commenced after the British electorate returned a Labour government on 1st May 1997 (Bevir, 2005). Labour's return to office from four consecutive defeats to the Conservative party was, at least from a Labour Party perspective, due to the culmination of several years of internal transformation, policy review and ideological shifting ultimately embedded in a new political philosophy, namely the Third Way (Powell, 1999, Ash, Cameron and Hudson,

2002, Amin, 2005, Bevir, 2005). The transformation from Old to New Labour heralded policies that were said to depart from the old policies of the Left and the Right offering a new social democracy, an ideology that would arguably help transform public policy and that would embrace public-private partnerships to help regenerate localities. Table 3.2 highlights different political approaches and the relative position of the Third Way (Callinicos, 2001, Bevir, 2005).

Dimension	Old Left (old social democracy)	Third Way	New Right (neo-liberal)
<i>Approach</i>	Leveller	Investor	Deregulator
<i>Outcome</i>	Equality	Inclusion	Inequality
<i>Citizenship</i>	Rights	Rights and responsibilities	Responsibility
<i>Mixed economy of welfare</i>	State	Public/private/civil society	Private
<i>Mode</i>	Command and Control	Co-operation/partnership	Competition
<i>Expenditure</i>	High	Pragmatic	Low
<i>Benefits</i>	High	Low(er)	Low
<i>Accountability</i>	Central State/upwards	Both?	Market/downwards
<i>Politics</i>	Left	Left of centre	Right

Table 3.2: Dimensions of political approaches and the Third Way. Adapted from Powell (1999, p.14) and Hale, Leggett and Martell, (2004, p.15).

Yet interestingly and perhaps controversially, the repositioning of party philosophy had in fact some of its roots not just in the ‘transformational years’ of Old to New Labour from the early to mid 1990s, but in some of the policies and ideologies of the Conservative governments of the 1980s and 1990s (Froud et al, 1999, Powell, 1999, Amin, 2005, Fyfe, 2005). In this sense not only acknowledging some of the newer ‘realities’ such as globalisation through

commitment to mainstream business development and the embracing of the markets, the Third Way mechanism acknowledged many other political arguments made on the right. Despite seemingly embracing these ideologies many senior Labour politicians, including Tony Blair, originally considered globalisation and technological changes within the national economy to be a major challenge to the new social democracy movement in the late 1990s (Froud et al. 1999). Furthermore, debates surrounding active citizenship which were re-ignited post 1997 in fact have origins in the political right throughout the 1980s, whereby successive Conservative governments argued for a "... more active citizenry to undertake an array of philanthropic and voluntary activities..." (Marston and Staeheli, 1994, p.842).

In this sense the Third Way can be viewed neither as an old style social democracy nor neo-liberalism which both broadly represented dominant policies of previous decades (Powell, 1999). Callinicos (2001) expands this debate by suggesting the Third Way to have excessive faith in the role of the state and in the market, describing it as an alternate philosophy to both Thatcherite neo-liberalism and old social democracy. Furthermore, Amin Cameron and Hudson (2002) suggest that the Third Way may well be often described as a middle way, but it owes more to Thatcherite policies than to previous Labour administrations, noting it as having a "... distinctly blue rinse" (ibid, 2002, p.28). Many accounts of the Third Way tend to paint similar pictures of either overly simplistic dissection of old style social democracy and neo-liberalism or relatively confusing ideological notions of what the Third Way actually stands. For the purpose of this research however, we can in fact

extrapolate two dominant themes which help to examine further the emergence of social enterprise (Powell, 1999, Callinicos, 2001).

Firstly, a re-orientation in the role of the state is seen as central to understanding the development of the social economy (Amin, Cameron and Hudson, 2002). The use of the state as an enabling force has in part led to the re-positioning of the third sector as a combative tool to tackle social and economic exclusion and has led the third sector "... from being a shadow enclave at the periphery of the mental map of policy makers and shapers... the sector has increasingly occupied centre stage in their minds" (Wrigglesworth and Kendall, 2001. p.1). Fyfe (2005) however, places the growth of third sector activities as part of a wider re-orientation of state initiated urban policies and experimentation throughout the 1980s and 1990s. Indeed, as Beer, Haughton and Maude, (2003, p.23) conclude, there has been a "... fluidity and multiplicity in the reworking of state approaches to managing ... the issue of local economic development".

Pacione (1992) draws parallels with shifting state responsibilities and changing power relations between the citizens and the state, noting that policies that fail to address powerlessness in deprived areas are unlikely to make any significant impact. Although this in part answers why there has been a growth in social economy activities as an alternative to state led policy it does not suggest why state led experimentation ultimately failed. Many of the alternative or "... confrontational..." local economic development policy responses instigated in the early 1980s also proved difficult to sustain (Boddy and Fudge (1984), Pacione, 1992, p.412). The way forward was purported to

stem from new forms of working relationships between local government and citizens through local networks, in line with the aforementioned waves of local mutual activity.

Furthermore, Jessop (2002) outlines strategies that allowed for such experiments, ultimately enabling the state to position itself in response to the continuous reworking of both top-down and bottom-up approaches to local regeneration as illustrated in Table 3.3. It is worth noting here that this research does not enter the varying debates surrounding the nature of neo-liberalism. What it does pay attention to, albeit with caution, are the different local discourses of neo-liberalism, some of which are listed in Table 3.3. This is essential to avoid regurgitating various listings of neo-liberal characteristics posited by a variety of researchers and policy commentators, such as Brenner and Theodore (2002), Peck and Tickell (2002), Jones and Ward (2002) and Raco (2005), and to look for similarities in how discourses work on the ground within a local context (see Castree, 2006).

Secondly, the reoccurrence of the local scale in this debate is not a coincidence. A neo-communitarian approach tends to highlight the role of bottom-up mechanisms to social and economic restructuring, and emphasises the link between local economic and community development and the contributions of community groups and decentralised partnerships. In this sense the UK government views third sector bodies as "...key local sites for promoting social cohesion via the development of citizenship and social capital. The localism of such organisations means that they are ... better placed ... to develop customised solutions to local problems of social

exclusion” (Fyfe, 2005, p.541). The inherent problem here is that the aforementioned localised communities are more often than not very disadvantaged with a high proportion of households relying upon the state for support. Marston and Staeheli (1994) suggest that a communitarian approach invariably shifts attention upon communities which already have time, resources and ultimately baseline social capital to shape their own community, thus bypassing areas of most need. In this sense communitarian approaches are not necessarily about “... elevating the values of individualism, freedom and autonomy...” but about promoting mutuality and social responsibility (Marston and Staeheli, 1994, p843).

Fraction of neo-liberalism	Key economic aspects
Neo-liberalism	Liberalisation of markets, reduction in role of state, market influence in public service delivery, internationalisation of policy, lower taxation
Neo-statism	State control to regulated competition, strategic guidance rather than command and control, auditing of private and public sectors, state driven partnerships, protection of core economic function.
Neo-corporatism	Balance of competition and co-operation, decentralised regulatory control, wide range of influential stakeholders, protection of core economic function in more open economy, increase social investment through taxation.
Neo-communitarianism	Limitation of free competition, empowerment of social economy and third sector, emphasis upon social capital and cohesion, local response to global acts (Fair trade etc), some redirection of taxes to citizens wages.

Table 3.3: Fractions of a Schumpeterian workfare post-national regime and the growth of third sector space (Jessop, 2002, p.461).

In a similar vein, neo-corporatist arrangements recognise the importance of co-operation and locally driven public-private partnerships focussing upon innovation and policy implementation. Whilst national and international levels

of policy making may still be dominated by more common neo-liberal principles, third sector organisations operating at a predominantly local level have increasingly become an outlet for the delivery of policies addressing social and economic problems (Raco, 2005). Research by Hudson (2005a) did find however that contrary to a great deal of Third Way and wider communitarian thinking, social economy activity may in fact struggle to be rooted in resources of local communities, primarily because of a lack of prerequisite skills needed to develop, naturally raising questions about the role of CED projects in locations that exhibit either relative disadvantage or prosperity.

The extent to which the social economy is in fact catalysed by local need, capacity or social capital rather than through prescribed policy programmes or funding from regional or local government is also an interesting issue. If a social economy organisation arises from regional or national expectations rather than local need or demand can it be still referred to as local? Maybe it can in terms of its sphere of operation but not in terms of its contractual or funding outputs. Perhaps this type of non-local, top-down policy influence, from an RDA for example, is the catalyst Trigilia (2001) refers to when debating mobilising latent local potential.

The understanding that third sector social economy organisations operate at a local scale raises three significant issues. Firstly, there is an assumption that local need or demand will help develop social economy organisations instead of other interventions such as area-based initiatives. According to research by Amin, Cameron and Hudson, (2002), restricting a local market to community

or neighbourhood led businesses, rather than increasing demand may in fact lead to a reduction in demand for services. As many social enterprises and social economy organisations have historically originated from grant funded sources, some localities have in fact become saturated with organisations of a similar type thus saturating the market and inhibiting expansion and restricting growth opportunities. Although there may be a choice for customers, little competition between enterprises may mean standards are compromised. This suggests some localities may in fact be no worse off with other types of urban policy intervention.

Secondly, debate surrounding how social economy organisations may provide an alternative to both the mainstream economy and state provision seems overly simplistic and requires further consideration beyond Jessop's "... between market and state" distinction (Jessop, 2002, p.463, North, 2006). It is worth exploring one particular aspect a little further, that is how social economy organisations are still largely dependant upon the state for sustainability and development. Although there has been a gradual reduction of grants available for social economy organisations, there has been a corresponding increase in public procurement contracts, essentially resulting in a different relationship between the state and social economy organisations. Part of the shifting dynamic within that particular relationship has led Amin, Cameron and Hudson (2002, 2003), to suggest that the social economy is *not* an alternative to public sector provision but a *different* way of organising such provision. This is debated in greater detail in Chapter 4 and Chapter 6.

The alternative provided by social economy organisations in relation to the market is also questioned. It is inherently difficult for third sector social economy organisations to compete with many private sector organisations. Essentially this is because of local scale of operation and the prevalence of social economy markets being located in mainly disadvantaged areas. This usually means that the social economy has to provide services not necessary through local need or market competition but in response to the abandonment of the private sector in certain localities (Amin, Cameron and Hudson, 2002 2003, North, 2006). Furthermore, research by Hudson (2005a) suggests whilst the relationship between the social economy and private sector is significant, it is patchy and uneven. This has been essentially attributed to the availability of opportunities to share knowledge and network ideas through a strong local economy. Conversely in localities that have much weaker local economies, such as former coalfields, opportunities for social economy organisations to network and create social capital development with local communities are not sufficient to be sustained.

Thirdly and finally, the scope and capacity of local government and local actors to develop local policy has historically been constrained not least by local economic conditions such as local investment potential, capital and labour markets, but also by central government controls, upon spending and income generation at local levels and even local politicians (Urry, 1990). Peck (2002) continues this particular 'scalar intrusion' debate by suggesting that localities have often been pitched against each other in a competitive global battle where their only realistic chance is one of acceptance where they "... get out of it what they deserve" (ibid, 2002, p.334). This seems quite a harsh

assessment considering many localities often did *not* get out what they deserved particularly in the 1990s with what Haughton (1998, p.872.) described as “beggar thy neighbour” policies. The continuing use of competitive mechanisms in policy making and resource distribution seems to have sustained inter-urban competition for grant resources and for direct foreign investment. Interestingly though, how localities have entered the competitive arena has altered significantly from a dominant rhetoric of ‘our locality is *worse* than theirs’ to ‘our locality is *better* than theirs’ to promote local social, institutional and human capital as key competitive assets in attracting skilled labour and investment (Cochrane, 2007). Again a parallel can be drawn regarding the shift in how local regeneration particularly through CED orientated projects is viewed, as one of economic potential rather than economic survival. In a wider sense neo-communitarian processes have become creative agents at the local level allowing the local state and perhaps to a greater extent accompanying sub-regional institutions, to become involved in promoting local distinctiveness of one place over another. This has included place marketing, enhancing labour market flexibility and improving the local business environment for investment and jobs. This seems to highlight a possible shift from a national top-down culture in which policy generally ignores local difference to one which recognises and utilises locally identified priorities (Amin, 2005).

Co-option of social enterprise into activities of the state

The localism of third sector organisations means they are generally viewed as better placed than many state or market orientated bodies to develop local responses to wider macro socio-economic needs (Fyfe, 2005). The

repositioning of the third sector in the context of neo-communitarian approaches leads to key questions regarding the exact relationship between the third sector and the state and market, hitherto described as a fluid tension field of organisations. However the effective mainstreaming of the third sector into public policy since 1997 has been viewed by some policy commentators as such a fundamental reworking of state and third sector relations that it may be viewed as a direct incorporation of third sector activities into workings of the state (Dahrendorf, 2001, Fyfe, 2005). The co-option of third sector organisations into activities of the state has essentially led to the development of two typical types of organisation which can generally be referred to as corporatist and activist. Table 3.4 illustrates the split within the sector and the key characteristics of each 'type' of organisation.

The paradox of this type of duality is clear. The repositioning of the third sector within a neo-communitarian framework has resulted in an over-emphasis upon professionalised, rationalised organisations which appear to be increasingly divorced from grassroots action. In this sense corporatist organisations have become localised agents of the state, delivering national policy programmes in ways that are not noticeably any different to any of their forerunners. Similarly grassroots activist organisations, increasingly marginalised in terms of funding, face increasing pressure to formalise and become more business-like to help reproduce the "...bureaucratic-client relationship[s]..." which seems to be symptomatic of the governments' neo-communitarian Third Way approach (Fyfe, 2005, p.552). This in turn limits their capacity to make anything other than small scale impacts.

Third sector organisation	Co-option and contextual interest.
Corporatist	Co-opted into workings of the state either knowingly or un-knowingly. Subject to strict governance criteria through organised relations. Typified by hierarchical, bureaucratic structure. General interest of public through service delivery and through delivery of welfare programmes by professionals.
Activist	Remote from government, often by choice. Some are radical in nature, challenging government by competing within voids left by state or market failure. Typified by maximising participant input, empowerment and community-led programmes. Mutual interest of public through reform and change based upon activities of local community in reaction to state-market withdrawal.

Table 3.4: Bifurcation of the third sector as a result of state co-option. Adapted from Mertens (1999) and Fyfe (2005).

Amin, Cameron and Hudson (2002) consider the pressure to resist incorporation into state activity must come from the smaller organisations themselves as they organise into an alternate space of activity or space of resistance which promotes and advocates the development of social capital and active citizenship. Despite this, the scope for smaller third sector organisations to offer space for resistance is arguably quite small. Notwithstanding the fact that many grassroots organisations choose not to subscribe to the governments' neo-communitarian strategy many may be forced to change as funding and support arrangements change.

Social enterprise as a panacea

The debate surrounding ability of social economy organisations to tackle social and economic decline and to engage civil society through a process of social action and cohesion raises several key questions. The most notable surrounds the ability of third sector organisations to actually deliver in areas of

key policy action. It would seem some of the most difficult urban regeneration and economic restructuring tasks are being assigned to the social economy to remedy despite it being ill-equipped to deal with them all (Hudson, 2005). Despite the perceived flexibility and range of activities that third sector organisations may deploy to address local issues, they may simply not be equally relevant in all disadvantaged localities. This contradicts a current national policy driven agenda and regional funding regimes aimed at developing the social economy as a universally adaptable model that works from locality to locality.

This then leads us to ask why should elements of the social economy be largely confined to areas or communities exhibiting the worst socio-economic conditions? Would they work better in already successful neighbourhoods or economies or indeed areas with established CED capacity building activity with potential of developing further social capital? Indeed, research by Amin, Cameron and Hudson (2002) found social economy organisations to be stronger in terms of quantity, market sustainability, job creation and entrepreneurship in more prosperous local economies than less prosperous areas.

Furthermore, there are some cautionary issues surrounding the erosion of the welfare state, the principles of an inclusive society and commitment to social justice. As these policy elements are intuitively long term in nature, questions are naturally raised about the suitability of social economy organisations to deliver outcomes based upon short-term funding and success measured through mainly quantitative means. Furthermore, the development of social

capital though locally delivered CED projects herald problems of their own. Social capital by its very nature can be exclusive to certain communities, community groups and individuals and resistant to change either from state or market origins.

The third sector is also defined in contemporary policy as an agglomeration of local agencies and interventions perhaps suggesting that the social economy is to some degree fragmented. In practice this could mean increased scrutiny from central government, issues of what constitutes transferable best practice paradigms, questions about standards of local policy action against national targets and questions regarding the decentralisation of power to local organisations. This type of pervasive monitoring has become increasingly prevalent since the late 1990s as central government attempts to monitor policy programmes and gather intelligence upon locally based CED and regeneration schemes. Often this type of surveillance results in ill thought out monitoring and evaluation schemes, quick-win policy and increasingly short-lived projects (Haughton, 1998, Popple and Redmond, 2000, Amin, Cameron and Hudson, 2002, Fyfe, 2005).

Fast policy and measuring success

Despite the rhetoric surrounding the potential of bottom-up approaches in the mobilising of latent potential, development of CED projects and local forms of sustainable development, their creation is no easy task. It can be slow, often generational and is typically at odds with central government programmes which typically focus upon quick-wins and fast policy transfer (Peck, 2002, Peck and Tickell, 2002).

In a practical sense fast policy transfer refers specifically to policy making institutions and their licence to rework or re-mould 'off the shelf' policy programmes into various localities, as they seek fast solutions or quick, often non-sustainable, politically neutral success stories. There are two interesting issues to note here. Firstly the majority of the fast policy programmes are ultimately observed as unsuccessful. This is partly due to "... politicians who seek rapid and quantifiable results", the relative rigidity and inflexibility of government systems and the way policy failure is seen as justification for introducing new approaches (Peck, 2002, p.347). Secondly any local success stories tend to be successful because of strongly administered institutions, rather than contextual economic or political conditions. This contradicts a national policy trend of embedding programmes in partnerships and local governance networks (Hambleton and Thomas, 1995, Peck, 2002, Peck and Tickell, 2002, Houghton and Counsell, 2004).

Yet, interestingly the examination of local economic development programmes, successful or otherwise, may not always give a full picture. Peck, (2002) suggests that it is inherently difficult to learn from fast policy, as decisive or seemingly easily replicable design features tend to be promoted often simplifying complex locally embedded mechanisms. This process has meant policy institutions, normally inherently slow at policy learning, have had to "... speed up... to sufficiently learn and promote ... transferable packages..." (Peck, 2002, p.349). Put another way local policy institutions could be argued to have become *more* flexible and responsive to local needs due to the 'replicable' stripped down nature of policy programmes. The fact

that many of the policy programmes do fail is according to Peck (2001, p.452) “... almost beside the point... what seems to matter... is that there is always another local solution over the horizon... [in the creation of]... slippery policy space...”.

There are a number of questions that can be raised here. If a majority of fast policy programmes are observed as unsuccessful, why do many policy making and political institutions still adhere to quick win solutions? Perhaps more importantly, what actually constitutes success and by what methods is it measured? How do policy makers know what policies and support programmes will actually work in any given locality and how do they learn between themselves and other institutions? It is worth noting here this research is not chiefly examining how decisions are reached at various scales of government or agents of government, but is interested in examining broad sub-regional and regional learning and knowledge transfer through networks of association in relation to social enterprise, social economy and CED activity.

The very nature of social enterprises and social economy organisations that occupy the third sector, are diverse, both in terms of their objectives and the character and value in their operation. This has historically meant many of their objectives are difficult to measure principally because they relate to qualitative or soft outcomes such as improving quality of life for example. Despite recognition of a need to increase qualitative measurements towards broader outcome based indicators, many organisations and indeed policy makers struggle to alter the way they measure project and policy impacts.

This is in part because of a lack of policy or analytical tools to measure softer added value targets, in part due to over-reliance upon more traditional quantitative indicators, such as displacement, deadweight and multiplier effects and in part due to some unwillingness to change performance measurement tools which have mostly hitherto led to renewal of grant funding (Stewart, 1995, Armstrong, Kehrer and Wells, 2001, Bull, 2006, Hart and Haughton, 2007). The difficulties faced by many organisations are made worse by having to meet often strict funding or contractual criteria which are required to evidence achievements more often than not within short time scales. As Haughton and Allmendinger (2008) comment, evaluation research is often dictated by funding pressures to obtain results all too often based upon a simplistic system for monitoring hard outputs. Hitherto, this type of evaluation has been deemed broadly adequate by policy makers however it is now often seen to fail to capture real achievements on the ground. Indeed, Armstrong, Kehrer and Wells (2001) note monitoring CED policy impacts is virtually impossible using more traditional quantitative based techniques.

Nevertheless, there has been growth in academic and professional commentary regarding specific qualitative methods both social economy organisations and other bodies can use to assist specifically in measuring non-conventional goals and impacts (Hambleton and Thomas, 1995, Boland, 2000, Lyon et al, 2002, Butcher and Marsden, 2004, Hart and Haughton, 2007, Haughton and Allmendinger, 2008). Much of this commentary generally recognises the need for longer term assessment, not least because many impacts of say for example, CED projects, take many years to accumulate. Some critics note a general shift toward social audit and social accounting

methods to measure more intangible goals such as development of local capacity and social capital for example or advocate the introduction of a balanced scorecard which attempts to measure learning, alongside customer satisfaction and more traditional business orientated growth (Bull, 2006, Haughton and Allmendinger, 2008). Furthermore, research by the New Economics Foundation (2003) found that the number of approaches used to measure social or added value impacts is in fact growing, albeit among mainly environmental indicators rather than social ones.

Other literature typically suggests quantitative monitoring techniques should increasingly be used to complement qualitative measurements, in other words mixing approaches. Indeed, judging local successes should be achieved using the most appropriate tools, which logically depends upon organisation type, goals and spatial scale of operation (Haughton, 1998, Hart and Haughton, 2007, Haughton and Allmendinger, 2008). This however does not currently seem to be the case, not least because evaluation tools appear to be insufficient, but also because there appears to be no generic off-the-shelf model that organisations can gain best practice from (Butcher and Marsden, 2004). This makes understanding the local context in which local organisations operate more difficult and makes questions of when to evaluate and how to evaluate difficult to answer (Hart and Haughton, 2007). It seems as if there are no hard or fast rules either selecting the most appropriate impact evaluation type, or how it should be carried out, apart from those methods that are necessitated by eager funders or policy makers. Policy evaluation may have also been designed to ensure accountability for public funds, to enable a comparison of cost effectiveness or to try and tease out

best practice paradigms all of which require subtle methodological differences in their approach rendering it “... often impossible to identify causal relationships... and... pin down the effect of particular initiatives” (Stewart, 1987, p.135).

Academic literature in general seems happy to debate the merits and outcomes of CED and social enterprise but often pays little or no attention to how it should be measured (Hambleton and Thomas, 1995, Leitão da Silva Martins, 2007). Practical guidance seems to vary, with some detailing merits and demerits of both hard and soft outcomes (see Farrer, 2007), whilst others detail only hard outputs. In a practice note published in 2002 for members of the Institute of Economic Development upon measuring impacts of local economic development schemes, there was no reference to the need to measure soft outcomes whatsoever (Jackson, 2002). Interestingly, the former practical guide is more likely to be used by social enterprises and community and voluntary groups, the latter by local authorities and sub-regional support agencies. Research by Lyon, et al (2002) for the then Small Business Service about measuring enterprise in deprived areas suggested four key approaches for practitioners. These were measuring deprivation statistics, measuring hard economic outputs, undertaking social audits and monitoring economic leakage and flows. Although difficult in their own right, they subsequently suggested a mix of approaches as the most appropriate way of assessing local impacts, however no attention was paid to the practicality of approaches or the seemingly intense human and financial resources required to undertake them.

Measuring local impacts appears to be resource intensive as evidence can take a long time to accumulate, yet projects or support providers may not have time or money to undertake larger, longitudinal projects. Additionally, as social economy organisations have invaded many aspects of regeneration and local economic development there is little surprise that there is no one size fits all approach regarding what type of evaluation to use, when and how. This appears to be made worse by funders and some policy makers who require results expediently. This then creates an over-reliance upon hard output quantitative and often quicker evaluations resulting in fast policy regimes and the paradox of 'ready-made' policy solutions.

Knowledge and learning

The key area of interest here surrounds the notion of policy learning, examining chiefly how social economy organisations and policy makers learn either from each other and how they principally know what works. Beer, Haughton and Maude (2003) suggest that local economic development is a direct consequence of policy learning through the examination of successful or unsuccessful programmes or organisations. Notwithstanding issues surrounding the measurement of policy impacts and associated fast policy regimes, how organisations learn, essentially raises a couple of issues. Firstly, how organisations and policy makers know what works in the learning process and therefore what to take on board? Secondly, how do they share knowledge?

The process that links both knowledge and learning according to Hauser, Tappeiner and Walde, (2007) is tacit knowledge. Tacit knowledge is best

described as know-how, developed through personal interaction and face-to-face contact through the fostering of relationships and local development work for example. We can naturally make a link here between the development of local development capacity, social capital and the development of tacit knowledge and suggest that the trust and relationships developed in local networks serves as a "...lubricant for the diffusion and acquisition of knowledge" (ibid, 2007, p.76).

The main advantage of localised tacit knowledge exchange is that it can filter upwards through local networks of association, between organisations and groups as well as individuals, meaning knowledge can be transferred, at least in theory between project workers on the ground and to support providers and policy makers (Weber and Khademian, 2008). The importance of networks and the embeddedness of social enterprises and CED organisations come to the fore once again. Research by Shaw and Carter (2007) found that for the majority of social enterprises, networks and networking were critical for knowledge transfer, learning and developing opportunities for support, indeed, "... networks were critical to... social enterprises in providing their founders with information and knowledge required to identify opportunities locally" (ibid, 2007, p.427).

There are two additional issues to consider here. Firstly, accounts of sharing knowledge tend to make little reference to how organisations know exactly *what* to share with each other. In this sense the filtering of tacit knowledge relating to the development of social capital could be described as organic in nature with knowledge sharing based upon luck and 'gut' feeling. Research by

Dixon (2000) into how organisations share knowledge found a variety of processes aimed at knowledge transfer, with each organisation using a distinct method. Within a multitude of methods, Dixon identified three common criteria, notably, who the intended receiver is, the nature of task and type of knowledge, all which an organisation may use to identify a typical *type* of knowledge transfer suitable to them. The resultant categories of knowledge transfer are useful as they help identify implications for social economy organisations when they attempt to transfer knowledge. The observations in Table 3.5 suggest the most appropriate ways for social economy organisations to share knowledge are *far* and *strategic* transfer as they logically account for local institutional variation, the production and sharing of tacit knowledge which is central to the creation of social capital and the development of local networks as well as considering the implications for policy learning over different scales.

Secondly, as Hauser, Tappeiner and Walde, (2007) note, institutions within a local network, such as sub-regional support providers, local authorities or other agents of the state, can in fact determine the frequency and scale of interaction with community members in the network, effectively creating a knowledge ceiling. Leicester (2007) considers this to be a cultural issue, noting that many public bodies or indeed quasi-public bodies within the knowledge sharing network often portray a 'institutions know best' attitude and are sometimes closed to the idea of learning anything new. With this suggestion learning is limited to gaining new skills rather than the acquisition of experienced individuals capable of reflective learning. Leicester (2007) continues by suggesting organisations need to make space for reflective

cyclical policy learning, noting that the mainly current linear evaluation system described by Haughton and Allmendinger (2008, p.412) as “...policy X delivered by institution Y brought about ... desired change in area Z” is inadequate and does not yield “... easily digested policy lessons...”

Category	Characteristics	Relationship to social economy/CED organisations
Serial transfer	Repeating and reusing of task/policy knowledge in a new location.	No local context/knowledge required. Best practice/what works based upon luck. Evaluation undertaken by same centralised team.
Near transfer	Moving of knowledge from location to location	Cost savings but lack of understanding of the evaluation process.
Far transfer	Transfer of tacit knowledge. Unique to individuals in a team with no formal procedures or understanding of systems driven support.	Accounting for local economic/social/political context. Highly specialised knowledge or subject specific, such as support knowledge for social enterprise in a given locality
Strategic transfer	Transfer of complex knowledge over time and space. Infrequent but can guide policy, perhaps through evaluation. Sharing of tacit and explicit knowledge.	Collective wider policy evaluation perhaps at sub-regional or regional level completing action reflection cycle in Figure 3.4.
Expert transfer	Infrequent transfer of explicit knowledge about a specific task.	Used when transferring best practice when little is known about local context.

Table 3.5: Choosing the most effective way to transfer knowledge. Adapted from Dixon (2000, p.29 and pp.145-146).

The recognition that social economy organisations and indeed local development bodies are seeking to reconcile the aforementioned fast policy with linear evaluation appears to be in line with what Haughton and Naylor (2008, p. 170) describe as “... selective empiricism...”. Based upon what Leicester (2007) refers to as cyclical policy reflection whereby learning and

reflection becomes an iterative process, an idea can be gained about how organisations at sub-regional levels can learn from action, which in turn is interpreted and used again to influence action (see Figure 3.4). Again, the issue here involves knowing exactly what to interpret as usable and therefore put forward to action. One way would possibly to involve various network members in the reflective process.

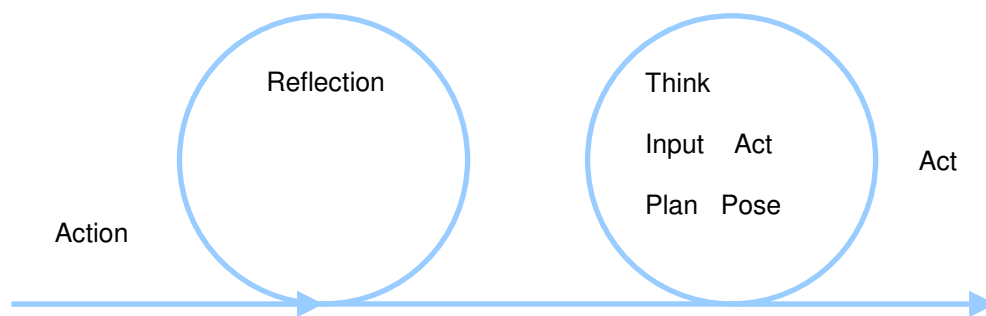


Figure 3.4: The action/reflection double cycle. Adapted from Jeffries (1998, p.55).

There are a two points to consider here. One, specific individuals involved in the policy learning process and those who regularly attend meetings and typically display passion and commitment are more likely to have a positive effect on policy learning. Two, learning or indeed lack of learning may not be necessarily due to lack of vision or passion with teams of individuals but due to a lack of knowledge of the reflective learning process (Chapman, 2002, Leicester, 2007). This is highlighted in Figure 3.5. The eventual 'result' of poor policy learning - not knowing what works – can according to Haughton and Naylor (2008) reinforce a view that some regional and sub-regional policy makers lack ideas or innovative policy direction resulting in local economic development and more specifically social enterprise policy that lacks creativity. Not knowing what works also leads to a danger of 'fad' following where policy makers, with an absence of best practice paradigms attempt to

transfer ideas, often uncritically from one region to another in the hope of catalysing local economic development (Lovering, 1999, Jacobs and Barnett, 2000, Haughton and Naylor, 2008, Haughton, Counsell and Vigar, forthcoming).

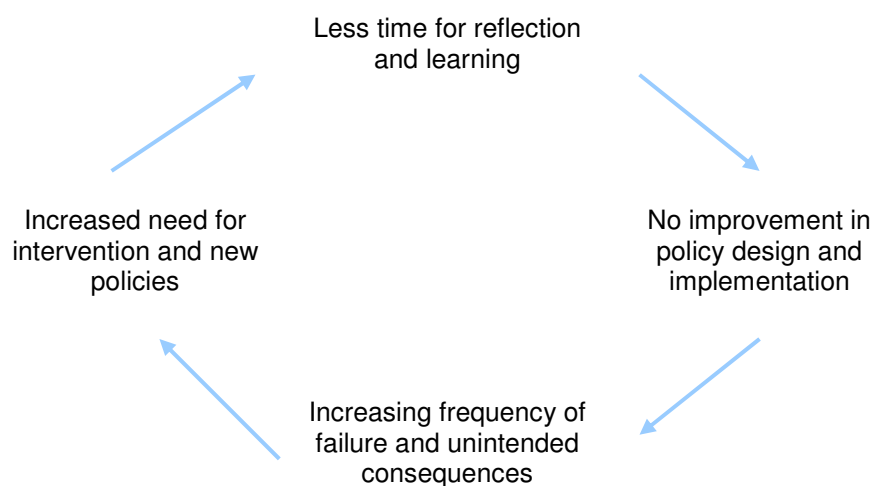


Figure 3.5: The positive feedback loop and poor policy learning. Adapted from Chapman (2002, p.66).

We can perhaps make a connection here to the concept of learning regions. The development of innovation, knowledge and learning, in which social capital has been described as one of the catalysts, are currently described as having a central role in local development policy (Pike, Rodríguez-Pose, Tomaney, 2006, Capello, 2007). A learning region is said to require an innovative process to develop, which more often than not is based upon local context, involving social convention, traditions and cultural practices for example and an interactive learning process, as discussed above. However, there are a number of issues regarding the concept of learning regions in practice. It seems as if an awful lot of expectation is placed upon the local and sub-regional areas to innovate and participate in a fully interactive learning

process. This seems inherently difficult for localities that are attempting to foster social capital and develop some of the most basic employment and life skills. Leicester (2007) also raises an interesting paradox. In deprived areas, some capacity building projects and to some extent formal education tend to teach conformity rather than entrepreneurialism. The requirement to teach more basic skills in more deprived areas would seem to subordinate the need to develop social capital with the ultimate aim of developing innovative learning processes. As Leitão da Silva Martins, (2007) comments, knowledge cannot be equally distributed and available to all individuals, as no two share the same position regarding information and knowledge about their local economy.

Conclusion

This chapter sought to examine the inter-related themes of CED, the development of social capital, altering role of the state and the role of knowledge acquisition in social economy development. Analysing a range of literature has highlighted that the recent re-emergence of the popularity of CED approaches is in fact the latest in a cyclical wave of mutual action and social economy development, which by and large correspond with crises in the capitalist system and state led experimentation as a response to local disorder.

In more recent years, the growth of CED can also be linked to a response to predominantly top-down state led regeneration policy which often bypassed or paid lip-service to the needs of local communities. Numerous policy evaluations over the past 20 or 30 years have tended to deem these top-down

policy attempts as failures, seemingly reaffirming the political and academic weighting give to local CED approaches to regeneration and local economic development. More recently, CED approaches have been viewed increasingly as an opportunity to develop local economies rather than as a mechanism to manage economic decline or to lobby for state investment.

CED agents have broadly similar values and characteristics as social enterprises and social economy organisations. These attributes along with their local scale of operation and ability to network with state, quasi-state and private sector institutions makes social economy organisations ideally placed to generate social capital through local networks of association and subsequent knowledge transfer. There are however, some questions about the capacity of deprived localities to actually generate social capital through CED projects. There is evidence to suggest some form of top-down intervention is required in certain localities that exhibit a lack of social capital. It is suggested this could help mobilise local resources and develop a baseline level. A key point here is the potential CED projects and social capital development can play in not only the development of employability and life skills, but the development of entrepreneurial skills, which in turn can be used to develop local forms of social enterprise which in turn can be used to build local capacity and increasing amounts of social capital.

The local scale of much of the social economy is broadly in line with current Third Way philosophy found in central government thinking. The literature identified the local scale of third sector organisations and the changing role of the state as key issues, as part of a general neo-communitarian perspective

by central government. This approach naturally raises questions about the ability and autonomy that localities have to make a difference in sustainable regeneration in the face of macro economic processes. There is also a clear recognition of polarisation within the social economy sector with those organisations who are able to utilise social capital, enter local networks and procure mainly public sector contracts separating from smaller often more radical organisations which undertake some of the more traditional roles attributed to CED agents and the community and voluntary sector.

A number of policy commentators are seemingly happy to laud the potential merits of CED and wider social economy activities yet often fail to suggest how their successes should be adequately measured. Essentially due to political and funding pressures, a great deal of local regeneration policy evaluation is undertaken quickly in the attempt to create quick political wins which ultimately end up however propagating fast policy regimes. These types of evaluation tend to focus on quantitative or hard measurements, however, the increasing number of soft or qualitative outcome interventions by CED and social economy projects means more appropriate methods of assessment are required. The key questions however still remain of how to measure, what to measure and when to measure, meaning there is no one best practice package organisations can choose from. This is exacerbated by the diverse roles undertaken by social economy organisations.

There appear to be issues regarding when and how to implement the most appropriate evaluation methods. This leads intuitively to questions about the knowledge that is shared between organisations and how they learn from and

between each other. In this sense the way organisations learn through local networks, social capital and sometimes reflective learning becomes a moot point as there is no evidence to suggest policy makers know what knowledge is useful, what should be filtered out, what should be shared and by what means, although there has been research suggesting a categorisation of knowledge types an organisation may share. This ultimately means defining success is incredibly difficult. Is it the success of the organisation in meeting policy criteria or is it helping more qualitative interventions such as quality of life? Put another way, a great deal of policy learning seems to be based upon luck, as sharing tacit knowledge and relationships tend to develop between individuals that essentially 'get on'. Organisations do seem however to engage in tentative efforts at policy learning cycles, rather than transferring policy from another locality or region. This type of policy learning tends not to result in locally derived and exportable economic success paradigms.

The next chapter examines different interpretations of social enterprise and examines the characteristics and values associated with them. Its intention is to begin to link understandings about the character and value of social enterprise to their potential role in local economic and regeneration policy responses. The next chapter also attempts to make sense of social enterprise by examining theoretical perspectives on development and begins to examine the interaction social enterprise has with other organisations and established social-economic and socio-political systems.

Chapter 4

Understanding social enterprise: Issues for support

Introduction

The rapid development of social enterprise within what is a wide milieu of social economy organisations has led to a range of debates regarding interpretations and meanings associated with the social enterprise sector. These debates have come at a time of renewed interest in civil society relations and the role of the state in urban policy formulation especially regarding the formulation of local responses to economic needs. Current notions of what social enterprise is and what it can, and should achieve have emerged principally out of these debates and tend to focus upon social enterprise expectations, characteristics and values (Borzaga and Defourny, 2001, Pharoah, Scott and Fisher, 2004). However, Nicholls and Cho, (2006) suggest that hitherto insufficient time has been dedicated to observing underlying theoretical and conceptual understandings of social enterprise. In this sense, not knowing the underlying meanings attributed to social enterprise makes the provision of dedicated, bespoke policy support inherently difficult.

This chapter briefly reviews various interpretations and definitions of social enterprise and examines the characteristics and values associated with them. Its intention is not to review historical definitions, but to begin to link common understandings about their character and value to their potential role in local networks and the formulation of local economic and regeneration policy responses. This is important as it helps understand the potential difficulties faced by policy makers in evaluating local economic and regeneration policy and the potential difficulties faced by support organisations in providing bespoke support. It also attempts to make sense of social enterprise by examining theoretical perspectives on development and begins to examine

the interaction social enterprise has with other organisations and established social-economic and socio-political systems. This is important in understanding the development of social capital and the sharing of knowledge which is examined in more detail in Chapter 3. The chapter concludes by briefly examining how the variegated meanings associated with social enterprise may cause problems for social enterprise support agencies.

Changing language of social enterprise

As the social enterprise sector has developed it has led to a plethora of organisations laying claim to have assimilated innovative approaches to business and local, social forms of sustainable economic development (Pearce, 2003.) Yet in truth despite the many growing examples of social enterprise and general recognition of the sector's contribution to economic restructuring, there are some key policy makers who have cautioned that the rhetoric may not reflect the reality in terms of social enterprise development. This has happened for several reasons. Most notably the assimilation of various differing social and business cultures and approaches does not readily fit any particular description or definition of social enterprise, nor recognise diversity in terms of type and activity. Furthermore, social enterprise has essentially grown organically and therefore more slowly or sporadically than many central government policy makers had originally hoped for. Without a constant single set of guiding policy initiatives to create supporting or enabling frameworks for social enterprise development, the diversity of what is understood to be the social enterprise ethos has inevitably led to the meaning of social enterprise being diluted or fragmented (Pharoah, Scott and Fisher, 2004, Defourny and Nyssens, 2006). In this sense, social enterprise may

mean different things to different groups, and may in fact be interpreted differently by social enterprise support providers (Government Office for Yorkshire and the Humber, 2002; Pharoah, Scott and Fisher, 2004).

It is not surprising then that a great number of definitions have arisen in line with what is a wide variety of social enterprise activities (Seanor, Bull and Ridley-Duff, 2007). The problem here is not so much having a definition that is universally acceptable, but more about the fundamental understanding of the construction of social enterprise, what they want to achieve, with whom and how. In this sense definitions of social enterprise are of limited importance, apart from to some enterprises themselves, and are of less importance to support provide and policy makers who need to understand what makes enterprises work.

There has over recent years however, been an increasing amount of academic and policy literature that suggests there are common foundations upon which the sector may develop. These have in essence led to a hybridity of definitions that regard social enterprise as being an organisational culture *and* a type of delivery organisation, each covering a range of key beliefs and values (Pearce, 2003, Defourny and Nyssens, 2006, Seanor, Bull and Ridley-Duff, 2007). Of course many of these identifying characteristics may well be self-contained within an organisation's definition of what a social enterprise is. As such, the way central government and other national support organisations have attempted to account for the variance in social enterprise models, ownership and function has led to many definitions, all of which are accurate and representative of specific social enterprises' local historical context and

goals, yet offer little assistance to support providers regarding the specific mechanisms to achieve those goals, such as a need to develop social capital, develop network communication channels or develop social auditing tools.

For example, the then Department for Trade and Industry (DTI) definition (2002) attempted to draw together some of the disparate understandings of social enterprise by leaving scope for alternate or additional meanings depending upon individual or organisational context. The definition is;

“A social enterprise is a business with primary social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders and owner” (DTI, 2002, p13).

This definition also made a direct association between business and social gain, sometimes a source of contestation particularly among some community and voluntary sector organisations. This definition is still championed by central government through the Office of the Third Sector (OTS) in the Cabinet Office (Pharoah, Scott and Fisher, 2004). In another example the Organisation for Economic Co-operation and Development (1999) considered social enterprise to be a business predicated on certain social or moralistic values where the continual drive to maximise shareholder profit is not a main driving force behind trading. This failed however to recognise the importance of local ownership and control. In a similar vein, the Policy Action Team 3 (1999) report also failed to acknowledge ownership or control, however made particular reference to the profit/non-profit paradox. Furthermore, the former central government Department of Environment, Transport and the Regions

(DETR) often used the term community enterprise as a synonym for social enterprise, ultimately lending a geographical or spatial focus to meaning. This could denote a local market, local labour, ownership or sphere of operation. Similarly, in a report to the Treasury by the UK Social Investment Task Force (2000), no real distinction was made between social and community enterprise.

These are only a few examples, yet serve to highlight the subtle but nevertheless important variations within what is now a multitude of definitions produced by national policy makers, sub-regional support providers and of course social enterprises themselves. It is clear that the different definitions of social enterprises focus on different characteristics, often most pertinent to the organisation making the definition. But, some commentators have suggested that social enterprise 'defy definition' as there does not seem to be one definition to fit all, or 'you know a social enterprise when you see one' (Smallbone, 2001, GOYH, 2002, Pearce, 2003). Again however, these comments give little assistance to support providers who need to know what types of specific bespoke support to offer individual enterprises.

As previously mentioned, a great deal of commentary and social enterprise literature does suggest that there are agreed foundations upon which particular values social enterprises are based upon. What is important here, especially for support providers and policy makers is what can be described as extractable characteristics. Put another way, which particular characteristics or traits of social enterprise can support organisations use to best guide bespoke support development. These could be used, rather than

strict organisational definitions, to help support agencies view social enterprise as a process rather than a product. The extractable characteristics in this sense could be used to help understand both theoretical concepts underpinning social enterprise location and development *and* their practical support needs.

Black and Nicholls (2004, p.9) describe social enterprise as a culture created by individual entrepreneurial creativity and energy, indeed, "Social Enterprise is a state of mind... about values, a passion for social justice and equity matched by the drive to create self-sufficient, market facing businesses". This belief, that social enterprise is not a particular organisation but a term ascribed to overarching objectives and values is an interesting one as it surely makes the job of measuring their success and value to society harder to do. In this sense the policies needed to support them must vary according to specific needs of character and local economic, social and political contexts.

Separating character and values

Social enterprises are predicated on certain values, beliefs and characteristics that help distinguish them from organisations in other sectors (Pearce, 2003). These values are themselves defining in some way and are at the very least fundamental for social enterprise to develop (Borzaga and Defourny, 2001, SEL, 2002, Smallbone, 2001, DTI, 2002, MSEI, 2003, Pearce, 2003, YHRF, 2004). Observing these key values and characteristics may in some way help understand the historical complexities surrounding the development of social enterprises and therefore help support organisations refine supporting policies. Research by Spear and Bidet (2005) in conjunction with the

European Research Network (EMES) observing social enterprises and work integration in 12 European states, suggested that the separation of social and economic characteristics is in fact crucial in helping define what social enterprises are. Other commentators have also suggested the concept of social enterprise needs to be broadened to encompass social *and* entrepreneurial assumptions beyond what is now sometimes described as a narrow view of enterprise based purely on social constructs. This suggests that although there is broad agreement among the majority of commentators and academics upon broad social enterprise foundations there may still be some tension in constructing and identifying the boundaries where they operate (Nicholls, 2006, Ridley-Duff, 2007). The separation of predominant social and economic characteristics is highlighted in Table 4.1.

The research undertaken by Spear and Bidet (2005) helps in particular to contextualise the diversity of what is understood to be social enterprise by separating its underlying constructs. By separating the economic and social constituents held within traditional social enterprise definitions, the individual characteristics and values ascribed to social enterprise can be examined in greater detail. This is important for several reasons. Firstly it helps provide a background to theoretical developments in terms of defining social enterprise and its support. Secondly it helps to align current notions of social enterprise to specific historical social, political and economic changes. Thirdly it helps to identify what role social enterprise might play in local economic development and regeneration and fourthly it helps to identify more appropriate support for social enterprises.

Economic or entrepreneurial nature	Social and ethical dimensions
A continuous activity producing and/or selling services: Directly involved in the production of goods/services rather than advisory activities	An enterprise/initiative organised or catalysed up by individuals or active groups of citizens: Social enterprises may be the result of an entrepreneurial individual who can perceive community need and articulate this into action.
A high degree of autonomy: Devolved organisational governance leads to autonomy and freedom to engage in decisions making. This is notwithstanding level of support or funding from public bodies or local authorities.	Organisational governance: decision making is not necessarily based on capital ownership, so rights and responsibilities are shared throughout the organisation
A significant level of economic risk: Essentially the sustainability of the social enterprise depends on the productivity of workers and creation of adequate market space to operate.	A participatory organisation which may involve local communities: Involvement of customers and stakeholders in a management democracy
A minimum amount of paid work: Like other social economy organisations, social enterprises may seek to employ the minimum amount of paid employment, to save overhead costs and to increase local or family employment opportunities.	Limited profit-distributions Whilst most social enterprise do not distribute profit for private gain, some organisations limit profit distribution.
	Explicit social or ethical aim or benefit for the community: A principal aim of social enterprise is to serve the local community. Social enterprises therefore must demonstrate their social responsibility or ethical underpinnings.

Table 4.1: Separating economic and social dynamics of social enterprises. Adapted from Spear and Bidet (2005, pp. 201-203).

Thus we can examine some of the key characteristics that help define social enterprise. First, a social, moral or ethical purpose is often *the* primary purpose of social enterprise. There are several issues to be raised here. Whilst many social enterprises may be unclear on their social goal(s), others will perhaps have a multitude of social goals. This is partly because traditional notions of what constitutes a 'social purpose' may in fact span many activities; from intermediate labour market and special needs training to recycling, welfare or selling organic foods (Pearce 2003). The social or ethical characteristic of *all* social enterprise must contain what may be described as a positive environmental impact. In this sense the social enterprise as a socially responsible organisation would adopt what is commonly referred to as a 'triple bottom line' as social enterprises balance social, economic *and* environmental factors into their business plans. These requirements not only place additional pressure upon the enterprise to define and achieve success but place unique demands upon support agencies to meet their quite specific needs.

Second, an increasingly important purpose of many social enterprises is the business or commercial mechanisms used to trade and achieve their social objectives. The majority of social enterprises are involved in the direct production and provision of goods rather than advisory services or redistribution of finance and grants and therefore need to consider several economic factors regarding sustainable income. These factors usually surround the continuous production of a sustainable income. Yet the majority of social enterprises still do not rely on trading as their primary source of income but have a mix of income streams in order to be profitable and survive (Borzaga and Defourny, 2001, Pearce, 2003, LCC, 2004b, Pharoah, Scott and

Fisher, 2004, Spear and Bidet, 2005). These income streams are highlighted in Table 4.2.

Third, it is perhaps erroneous to suggest social enterprises are *not for profit*. It is true to say though that they do not distribute profit for private gain, either to members or to directors. In this sense the social enterprise may indeed make a net surplus or a profit as must all private sector business to have any kind of financial viability. This becomes harder to achieve when there is an over-reliance upon grants and an unwillingness to enter the private equity market for loans, however unwelcome macro economic conditions make this transition seem less appealing.

A fourth key characteristic concerns common ownership, where the assets of a social enterprise may not be sold off. Although this is another example of an unwritten accepted characteristic of social enterprises, it is worth noting that the recently created Community Interest Companies (CIC's) may in fact formalise the way in which assets are held in trust for community benefit. In this sense social enterprises could still have a social objective or focus but would not necessarily have social or local ownership. This structure arguably makes it easier for social enterprise to be involved in delivering services or goods more normally associated with the state.

Fifth, for the majority of social enterprises having a participatory democratic structure through which members can exercise control over the organisation is a central characteristic. Whether a social enterprise serves local communities or separate geographical communities, it will still aim to involve people and be

Income stream	Key characteristics
Sale of goods or services in the market place	The need to be self-sufficient and sustainable in the open market remains the “...holy grail” of social enterprises (Pearce, 2003. p.35). Yet like other private sector businesses they are susceptible to the same commercial standards and general economic principles attached to profit making.
Fundraising and charitable donations	Social enterprises may seek every source of finance available including charitable donations. Many social enterprises historically hold the belief that being judged upon their long term sustainability is more important than being judged upon their enterprise and business acumen. (Spear and Bidet, 2005).
Finite grants from either a charitable organisations or a local authority	Grant income has historically for many social enterprises been <i>the</i> dependable source of income. Whilst many social enterprises demonstrate an unwillingness or lack of desire to trade others are so used to obtaining grants as a large proportion of their income mix that they are struggling to survive in a post grant culture.
Procurement with the public sector	Research by Leeds City Council (LCC, 2004b) suggested social enterprises typically prefer to engage with the public sector. The desire to procure from the public sector fulfils several goals of social enterprises; namely that services are more likely to be of a social or environmental nature, contracts are likely to be longer term or of a higher value and contracts may add to a growing portfolio of expertise.
Volunteer labour	An important income stream involves unpaid labour, so much so that many social enterprises could not function without it. This could be either from when a social enterprise is being planned and it is hiring professional/business consultants at a reduced rate or from day to day management where directors of the enterprise help out at peak times.
Loans from philanthropic or charitable lenders	Of interest is an increase in the number of bodies lending finance to social enterprises. This is perhaps due to formalisation within the sector as social enterprises seek to be more business like in their approach, move away from grant dependency and buy in professional expertise to help procure larger contracts (Fyfe, 2005).

Table 4.2: Commercial mechanisms used to achieve social enterprise social objectives. Adapted from Pearce (2003), LCC (2004b), Fyfe (2005), Spear and Bidet (2005).

accountable to them. For other stakeholders the right to know what the social enterprise is achieving and how it is achieving it is also a central tenet (Pearce, 2003). There are a couple of important issues here. As the number of social entrepreneurs entering the sector from the private sector increases, many with specific ideas upon how things should be done, there may be a tendency to bypass governance structures which maybe seen as an obstacle to development. This may also shift the geographical emphasis of the enterprise from local to anywhere successful.

There are wider issues to consider here, many of which are discussed in more detail in the next chapter. However, the general alignment of commercial and social enterprise needs and requirements raises questions surrounding the availability and suitability of business support and the wider subordination of social objectives (Pharoah, Scott and Fisher, 2004). This leaves a debate over the commitment of individuals in enterprises and support organisations in relation to reaching sustainability and the triple bottom line. Seanor, Bull and Ridley-Duff, (2007) however, see many of these issues mirrored in the private sector as the drive for sustainability, ethical capitalism and renewed debate surrounding the maximisation of profits coming to the fore.

The impact of social enterprise character and value

The common values associated with social enterprise typically allow their boundaries to be flexible thus allowing them to operate within local networks (Nicholls, 2006, Nichols and Cho, 2006). Their attractiveness in this sense, especially for policy makers, is the way in which they can mirror local contextual values relating to local capacity building, the development of social

capital and the sharing of tacit knowledge. There are therefore a number of 'added' values attributed to social enterprise which help advertise their attractiveness to policy makers and local economic development agencies. Paradoxically however, these added value traits also reaffirm the difficulties faced by support providers in terms of tailoring bespoke support and for policy makers in ensuring the most appropriate evaluation techniques are used as added value outcomes are by nature intangible and difficult to quantify (Haughton, 1998, Haughton and Allmendinger, 2008). Although the development of social capital and knowledge exchange is examined in Chapter 3, some other important added value constructs are examined briefly below.

1. Co-operation

Enterprising organisations need to work together for mutual benefit, notwithstanding their sometimes differing aims and their competition for finite funds, market space or skilled labour. As the sector has grown so have national and sub-regional support establishments to assist communication and mutuality within the sector, such as Social Enterprise London. Their advisory and co-operative role is a fundamental one as the social enterprise 'sector' is still relatively young. In this sense the development of trust and social belonging amongst competing enterprises is vital for the sector to distinguish itself from other private businesses (Pearce, 2003). The development of trust and reciprocal arrangements is also crucial for the development of social capital and highlights the potential role social enterprise could play in local economic regeneration by becoming embedded in local learning networks.

2. Decentralisation and people orientated

A key value of social enterprise is the way in which it aims to help organise services at local scales. An assertion is normally made that social enterprises have values that allow individuals and communities to run or contribute to local service delivery, however the capacity for local communities to participate is often missing from policy accounts. Notwithstanding issues over local needs and capacity to organise services and functions, the idea that power should be vested with people and communities which should be then handed upwards fits well with traditional 'grassroots' approaches to governance and community economic development styled policy formulation. This way social enterprises are best described as having 'reverse delegation' whereby power is handed upwards to appropriate actors or agencies to achieve results (Handy, 1994).

This integrated approach by its very nature is people-centred. The way in which mostly local people and communities organise their own services takes account of their own quality of life and impacts centred on their own neighbourhoods. In this respect, social enterprise is not about the needs of private business or the needs of the public sector, but is about the needs and aspirations of individuals. It is seemingly paradoxical though that a successful people-focussed social enterprise may be influenced by input from the state, the market and the capacity of local communities themselves (Kay, 2005).

3. Inclusivity and enjoyability.

Socially enterprising organisations, in line with their moral and social objectives and their people oriented democratic structures are platforms for

equal opportunity employment. Research by the New Economics Foundation (NEF) in 2001 suggested social enterprises are more likely to experiment and innovate in delivering their goods and services, attract a motivated workforce, have a high degree of employee participation and therefore find it easier to engage excluded groups. In this respect social enterprises are more likely to undertake work which employees find enjoyable, with good conditions for flexible working for example. A few cautionary remarks are required however. The development of social enterprise as a local source of employment where jobs are recruited through local networks or on the local 'grapevine' rather than through normal advertising channels seems converse to normal equal opportunities policy. In a similar vein, the networks of trust and reciprocity that social enterprises are often founded upon can serve to exclude people either from different localities or who demonstrate alternate values. In this sense local networks, including the development of social capital can be viewed by outsiders as exclusive, only serving members' own personal interests (Trigilia, 2001, Kay, 2005). Finally, a fundamental question can be raised here. If social enterprises are more likely to experiment and innovate and attract a motivated workforce, would they work better in areas that exhibit greater levels of social capital rather than in predominantly marginalised communities which may require significant CED activity (Haughton, 1998)?

Making sense of social enterprise: beyond definition toward meaning

The previous sections have highlighted some of the contextual complexities in understanding the nature of social enterprise. The principal characteristics and values of what social enterprises are predicated upon in fact relate to more than just what social enterprises are, but where they have come from, what

they can achieve, for whom, how and at what cost. Having unpicked some of the social and economic characteristics and values attributed to social enterprise we can begin to make sense of emerging typologies.

It has hitherto been suggested that support organisations focus upon the characteristics and values by the identification and extrapolation of core elements from the central government Office of the Third Sector (OTS) definition, notably enterprise orientation, social aims and social ownership (see MSEI, 2003 and YHRF, 2004). The natural question here is how regional and sub-regional support providers effectively translate the extractable characteristics into policy relevant intervention? This would seem to be a fairly difficult task as they seek to balance one-to one relationships and local social enterprise expectations, RDA targets and central government policy direction.

Although allowing both delivery organisations and policy actors to have a set of goals and associated policy drivers rather than a definitive definition of social enterprise, the OTS definition tends to lack local context which would allow for bottom-up development, the generation of mutual co-operation and social capital. What it does do however is give potential scope for regional and sub-regional support providers to link to local contexts through three macro policy drivers, notably:

- Competitiveness and enterprise through local ownership and mutual co-operation,
- Social inclusion through decentralised markets and responses
- Modern inclusive innovative delivery methods

(Bartlett, 2004).

These three policy drivers are analogous to the wider values attributed to social enterprise in the previous section. We can therefore reason that wider social enterprise values are in line with what central government wants to achieve at local levels. We can also deduce that defining social enterprise encompasses a process in which local and perhaps regional/sub-regional agencies and organisations actively circumvent the need to find a locally agreed definition. In this regard local/sub-regional/regional social enterprises and support bodies actively utilise a centrally co-ordinated, distributed and generally accepted definition by central government. Local, sub-regional and regional social enterprise or support agencies extrapolate or pick relevant characteristics in relation to the social or moral objectives of local social enterprises which demonstrate local value(s) at the same time as informing macro policy, thus both completing and commencing the cyclical process. This process is highlighted in Figure 4.1. It is worth noting that this cycle does not account for support policy evaluation or any necessary policy learning which would input into this cycle. This is examined in more detail in Chapter 3.

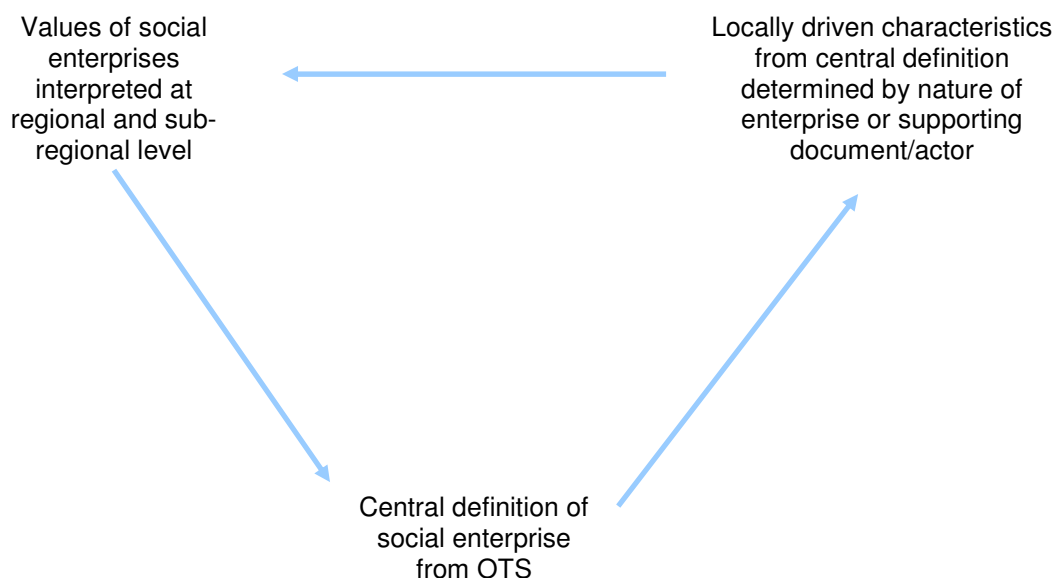


Figure 4.1: Interpretations from the value, characteristic and definition cycle. Source: Author.

So we can deduce that the underlying meanings attributed to social enterprise are flexible, dynamic yet are not necessarily obscure. Individuals or organisations involved with social enterprises may not necessarily agree to a common definition but may still agree a general statement regarding the meaning(s) of social enterprise. The interesting paradox is that the source of confusion regarding social enterprise definition stems directly from the inherent flexibility held by social enterprises to manifest themselves into various organisational forms (YHRF, 2004, Spear, 2004, Nicholls, 2006).

Nevertheless efforts to identify range and types of social enterprise organisational forms are still important for one key reason. Social enterprises operate in a complex operating environment considering their mixed income, governance and triple bottom line. This has meant that social enterprises have the potential to diversify their activity according to funding and support needs, markets, local activists, political embeddedness and alliances. As Nicholls (2006, p.10) notes "... many [social enterprises] engage simultaneously with government, philanthropic institutions, the voluntary sector... banks, as well as the commercial market to secure funding and other support...". In this sense the spatial and scalar location of social enterprises is significant as it partly helps determine their relationship with the state, the market and civil society and their role in helping foster CED and social capital development (Popple and Redmond, 2000, Pharoah, Scott and Fisher, 2004, Kay, 2005).

Although making classification problematic the fluid nature of many social enterprises has led to two main areas of interest for categorisation (Pharoah, Scott and Fisher, 2004). The first area suggests many types of organisation

classify themselves as social enterprise, each with subtle variation in structure, intention, legal status. Such a list could be thought of as a selection box of definitions based upon the most fundamental characteristics of social enterprises, as discussed earlier in this chapter (Brady, 2003, Social Enterprise Coalition, 2003). What is interesting is that whilst a great deal of contemporary policy documentation both readily discusses and describes key concepts within the terminology debate, it does not allow for more in-depth investigation regarding meanings or categorisation of social enterprise. This often means policy literature simply lists social enterprises types, noting their objective as often *the* dominant feature, for example, co-operatives, *social* firms, *community* businesses, intermediate *labour* market companies and credit *unions*, to name a few (Twelvetrees, 1998, Smallbone et al, 2001, Brady, 2003, Pearce, 2003, NWDA, 2003a, 2003b). As discussed earlier this leaves considerable scope for interpretation as enterprising organisations are clustered around particular organisational forms that have evolved organically from their inception. This functional existence is perhaps useful in categorising social function but is less than useful when trying to analyse their relationship with the private sector, the state and civil society (Social Enterprise Coalition, 2003, YHRF, 2004).

The second area suggests that there are some at least broad or dominant perspectives which can be used to help explain social enterprise. Amin, Cameron and Hudson (2002) suggest three explanatory perspectives which place both the varying perspectives of social enterprise and its development as being directly related to wider patterns of de-industrialisation and local and regional economic restructuring processes led by the state. These are:

1. Neo-liberalism; emphasis on the individual and the elements of entrepreneur and enterprise, such as social firms or community business.
2. Utopian Co-operatism; emphasis on often local partnerships for development and betterment in societal relations, such as credit unions, Local Exchange and Trading System (LETS) and co-operatives.
3. Communitarianism; boarder philanthropic or philosophical emphasis through social justice, social capital and democracy.

Adapted from Amin, Cameron and Hudson, (2002).

Importantly the way social enterprise may be used as a response to broader societal and economic change that lies between the state and the market is not necessarily about generating additional resources, but it is increasingly about using them in a different way, such as generating social capital for example (Amin, Cameron and Hudson, 2002). More detailed explanations upon these three perspectives can be found in Chapter 3.

Organisation and sectoral discipline(s)	Social enterprise sectors	Dominant organisational perspective	Operational and innovative process(s)	Wider values/approach
Co-operatives and Mutuals: Worker co-operatives	Work integration and employment.	Utopian co-operatism, balance of competition and co-operation.	Transformational and economic. Building local capacity through social entrepreneurship or ethical business.	Grassroots, based upon development of trust and reciprocity.
Co-operatives and Mutuals: Social Firms, e.g. firm recycling computes for local authority use.	Work integration and employment and local development.	Neo-liberalism, valuing individual entrepreneurial.	Economic, through social entrepreneurship or ethical business.	Political, co-option of some social enterprises into sphere of state activities.
Co-operatives and Mutuals: Mutual Organisations.	Credit and exchange, welfare and personal, financial inclusion.	Communitarianism, emphasis on social economy and third sector, social capital and cohesion.	Economic.	Grassroots and philanthropic, based upon development of trust and reciprocity and start-up funding for CED projects.
Trading Voluntary Organisations	Local development.	Neo-liberalism.	Political, radical, often lobbying role to challenge state norms.	Grassroots.
Intermediate Labour Market Company, e.g. local credit union.	Work integration and employment and local development.	Utopian co-operatism.	Economic.	Institutional, developed to catalyse local social change through social inclusion.
Housing Co-operative	Housing, welfare and personal.	Communitarianism.	Transformational, Building local capacity.	Political.
LETS	Credit and exchange.	Utopian co-operatism.	Economic.	Grassroots.

Table 4.3: Making sense of meaning towards a theoretical understanding. Adapted from Pearce, (2003), Pharoah, Scott and Fisher, (2004) Spear, (2005) and Nicholls, (2006).

Table 4.3 attempts to draw together some of the aforementioned explanatory perspectives with wider values of socially enterprising activity along with their associated operational and innovative processes. The table also attempts to highlight the importance of social enterprise sectors. As previously discussed the dynamics of social enterprise in relation to state or market failure is increasingly important when attempting to understand the role of social enterprise. The table only comprises a small selection of enterprising organisations but nevertheless serves to highlight some of the key issues when trying to make sense of social enterprise.

Building theoretical and conceptual bridges

The previous sections have examined the key characteristics and values attributed to historical references and definitions of social enterprise. Yet there is still an underlying need to place social enterprise in conceptual and theoretical frameworks. Simply put, all of the values, character and wider associated interpretive frameworks have until recently not allowed for a critical perspective of social enterprise as a tool or a model to tackle social and economic change (Nichols and Cho, 2006). It is not the intention here to examine in detail the growth of alternative economic spaces as some of this is examined in the previous chapter, however it is important to make further efforts to explore the concept of social enterprise as a tool to tackle social and economic change.

Initially two key fundamental approaches need be examined further, those that are economically or entrepreneurial in nature and those that are social in orientation. Social enterprise as a concept, according to Defourny and

Nyssens, (2006) can be identified as a tool to building bridges between the two approaches within the sector. This somewhat simple concept is however not without concern as it struggles to reconcile two polarised issues, notably organisations that either rely solely on grants to survive and those that trade completely in the market place, and those that either serve individual members or a broader community. These issues are illustrated in Figure 4.2.

Pharoah, Scott and Fisher, (2004) extent this debate further by suggesting social enterprise may be conceptualised using a dual perspective, regarding wider organisational characteristics and values as well as economic and social focus. Here we begin to bring together both extractable characteristics, social and economic traits in a four-cell model of social enterprise where each cell conceptualises part of the social enterprise field. This is illustrated in Figure 4.3.

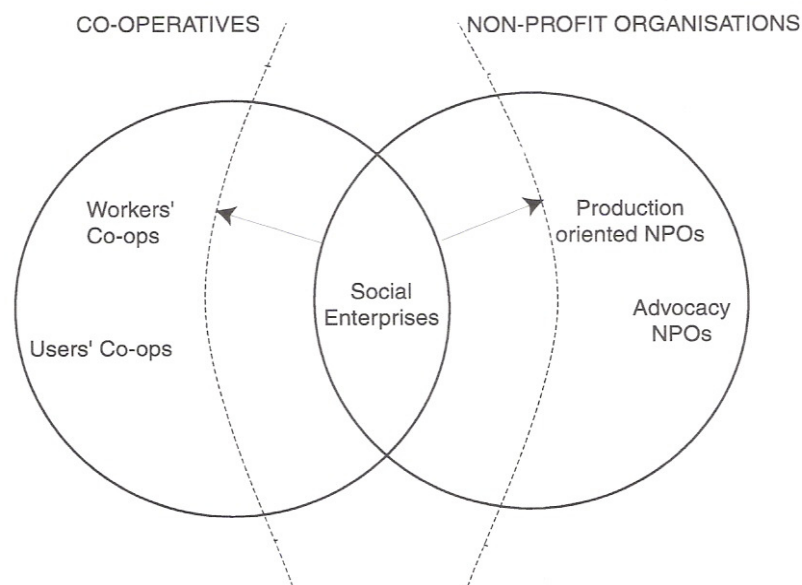


Figure 4.2: Bridging the enterprise and social divide; the loci of social enterprise. Adapted from Defourny and Nyssens (2006).

It is important to note that whilst such a conceptual model may suggest that social enterprises may be 'stuck' in any one cell, yet in reality may exhibit many moving dimensions (Pearce, 2003). This fluid nature may also be overlaid onto the four-cell conceptual model as social enterprise continually change towards new markets, involve increasing members of the community or have a multitude of functions such as preparing individuals for work and financial sustainability. This is illustrated in Figure 4.4.

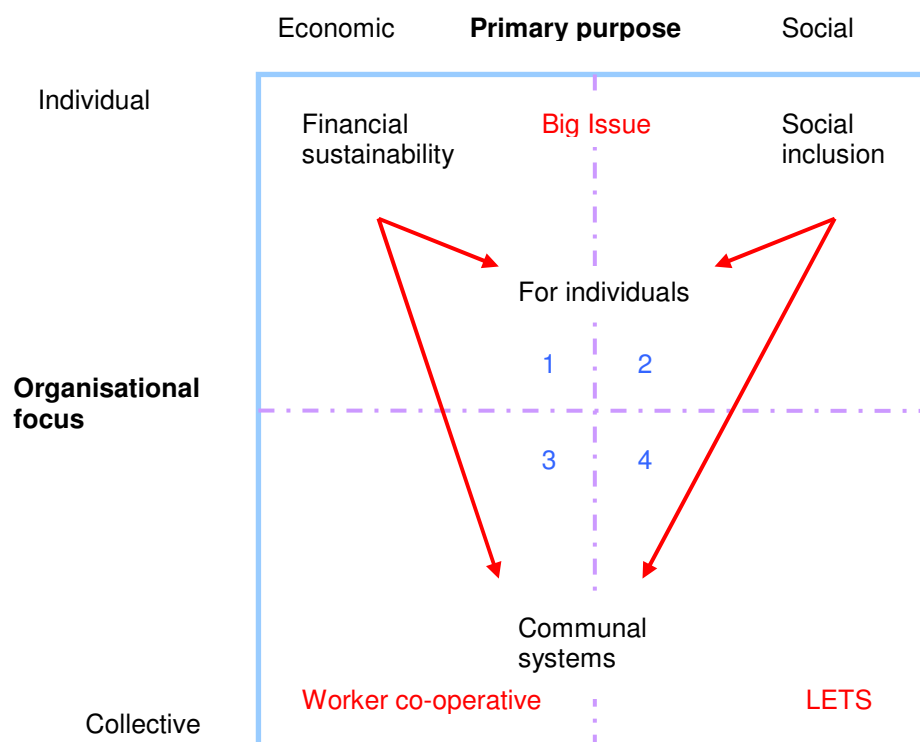


Figure 4.3: Social enterprise as a bridge between character, value, economy and society. Adapted from Pharoah, Scott and Fisher, (2004).

Nicholls and Cho (2006) suggest that any attempt to structure the theoretical and conceptual social enterprise field must logically commence with an examination of their foundational objectives, notably working with society, the market place and enterprise. Similar to Defourny and Nyssens (2006), Nicholls and Cho (2006) discuss the complexities and contested issues surrounding adhering market orientation to social venture, noting this

achievement as being inherently more complicated than simply generating profit *and* social gain. This is essentially due to changing landscapes of society and the market and what each constitutes, such as changing grant legislation, evolving governance and accountability frameworks and emerging social market failures. These fundamental blocks shape the conceptual development of the social enterprise landscape and can be mapped to help add structure to the wider meanings discussed in earlier sections. In a similar way to the examples found in Figures 4.3 and 4.4, socially enterprising organisations may find themselves either at one particular co-ordinate or navigating between them. This is demonstrated in Figure 4.5. Put another way, the conceptual social enterprise field highlights the way in which social enterprise can be pivotal in local networks, in both sharing knowledge and the development of social capital, especially where bonds, trust and reciprocal arrangements with other local and sub-regional agencies and is required.

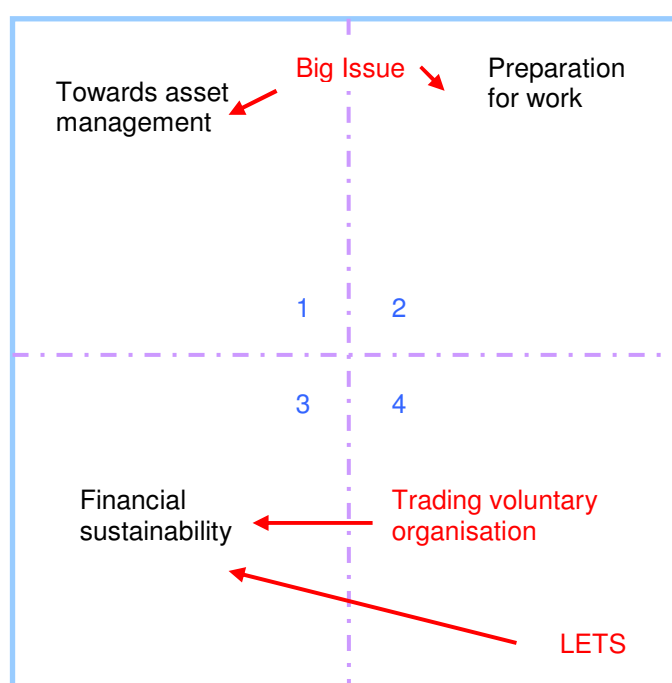


Figure 4.4: Fluid dynamics of the social enterprise field. Adapted from Pearce, (2003) and Pharoah, Scott and Fisher, (2004).

Transitive elements and institutional relationships

By observing the dynamics that constitutes a social enterprise we begin to detect a wider set of questions surrounding organisational and institutional arrangements. In this sense examining these different elements specifically helps understand more implicit interaction and intersection with other organisations, established social-economic and socio-political systems. Bacchiega and Borzaga (2004) argue enterprising organisations employ a number of institutional arrangements that enable them to become embedded into local organisational networks, such as community groups, financial institutions, local authorities, volunteers and political institutions.

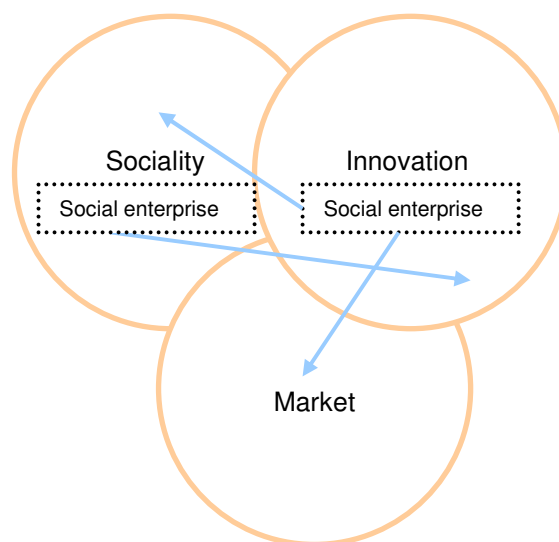


Figure 4.5: Mapping of social, market and innovative dimensions of social enterprise. Adapted from Nicholls and Cho (2006, p.103).

This is chiefly achieved through the relations created by workers within enterprising organisations with external networks, suggesting that employees in social enterprises are not necessarily driven by career or monetary benefit but are more likely to be involved in furthering shared goals and developing organisational relations within a wider operational network. A similar perspective is argued by Nicholls and Cho (2006) who suggest that the loci of

social, market and innovative dimensions, as illustrated in Figure 4.5, lead to specific relationships between both individual actors, agencies and their support networks. Their ability to embed within local networks may also depend upon the local capacity of individual communities to develop common bonds within other parts of the network. The ability of communities to develop local capacity through CED orientated approaches is examined in greater detail in Chapter 3.

Policy support for social enterprise

It is the intention in this section to discuss some of the different roles support agencies play in supporting and developing social enterprise. More specifically, it will examine national and regional support architecture and some of the potential difficulties social enterprise supporting organisations face in creating a successful supporting environment.

The growth in national administrative backing for social enterprise has been well documented since the late 1990s, yet the actual business of support intervention has been largely devolved to regions through RDAs, and the sub-regions through Business Links, their franchises and smaller bespoke organisations some of which may well be social enterprises (Pearce, 2003, Pharoah, Scott and Fisher, 2004, Rocket Science, 2008). Much of this increase has in fact sprung from state funded sources. The Office of the Third Sector (OTS) currently sets out central government's social enterprise development action plan. The plan, amongst other social enterprise development related themes, aims to specifically improve the support

structure available for social enterprise, primarily by improving business advice (Cabinet Office, 2009).

It is perhaps not surprising to see an increase in support organisations as the number of social enterprises has risen. This is in part due to the nature of time-limited funding regimes which have allowed smaller bespoke organisations to develop in any given locality often without thought of duplication or service quality (SEL, 2002, Pearce, 2003). Along with a general increase in support provision there are two key issues that have emerged. First, can support bodies sufficiently account for the often multiple qualitative objectives and indicators that social enterprises attempt to deliver and second, can they account for the links social enterprise makes with local communities to help measure both the success of the enterprise and the support policy itself (Pharoah, Scott and Fisher, 2004)? All of these issues raise considerable questions about how support providers and policy makers justify the most appropriate means to evaluate success, and moreover uncover what actually constitutes success with social enterprise attempting to achieve a variety of qualitative and quantitative objectives. There is also a question of how wider impacts are measured, such as the development of social capital, or standard of living for example.

These issues have led to central government recognising a need to not only identify different types and levels of support needs and approaches for social enterprise but drive the support infrastructural agenda. This is important as the current plethora of organisations that support social enterprise at both local and sub-regional scales have often developed organically, according to

historical funding availability and political support, and have led to variability in both geographical cover and quality of support (Rocket Science, 2007). Two further issues can be raised here. Firstly, how local grassroots social enterprises respond to nationally directed support policy may well be a contested issue. Although national support policy is increasingly being devolved to RDAs and their partners, including local authorities, there is little documentation or commentary about how this may work at local and sub-regional levels. Secondly, how the planned rationalisation of the mainstream Business Link support agenda from around 3000 support organisation to around 100 by 2010 will benefit the needs of what is a broad field of social enterprise types needs to be explored more fully (HM Treasury, 2007, Rocket Science, 2007). Apparently a more 'efficient' approach, coupled with a move towards the Business Link Information Diagnostic and Brokerage (IDB) model, which will see a removal of specialist support knowledge being delivered by Business Links, may leave social enterprises feeling increasingly marginalised in a 'one size fits all' approach to social enterprise support policy.

A report by Lyon, Burch and Ramsden in 2005 for the Department for Education and Skills (DfES) found that support for social enterprise is currently delivered by a broad range of organisations, such as sector specialist organisations, for example Development Trust Association or Co-operatives UK, mainstream business support bodies, for example, Business Links, public sector or quasi-public sector bodies such as RDAs and local councils and commercial support, for example, accountants and consultants. In addition, as highlighted earlier in this chapter, there is also an increasing influence from the private sector relating in particular to social enterprise

development through entrepreneurial skills, sustainability, business planning and trading and an increase in loans and equity finance (Seanor, Bull and Ridley-Duff, 2007). Some of these developments may have indeed transpired through support routes such as private sector consultants, through RDAs, many which have significant relations with private business or Business Links which are regarded as key support organisations for mainstream businesses with lateral or tangential understanding of social enterprise (Pearce, 2003). Whilst these influences may be useful from a business development perspective, they do little to help generalist business support policymakers understand the specific needs and impacts of individual enterprises.

Whilst there has been a growing amount of research looking into the support needs of social enterprise and a wide mix of policy responses mainly from state sources, research into the success and appropriateness of policy support for social enterprise from academic and other private sources has been limited to mainly 'think-tank' policy documents and academic books addressing sector specific issues (Nicholls, 2006). These have tended to concentrate upon conceptual and theoretical developments within the sector, often overlooking practical and policy support responses. Despite this, academic writing and research has helped understand, albeit conceptually, the difficulties in supporting social enterprise. This has been done by predominantly signposting social enterprise and support bodies to a wide range of cross-sectoral literature and disciplines, such as marketing, cultural studies, community development and sociology for example (Black and Nicholls, 2004, Dart, 2004, Nicholls, 2006, Twelvetreets, 1998). The interesting thing to note here is the lack of both academic and policy synthesis or

literature dealing with cross-disciplinary support issues which goes some way to understanding why the production of successful policy support documents for social enterprise is seemingly hard to do. Where there have been examples of academic synthesis, it has tended to focus upon the common elements of both social enterprise and commercial business, perhaps indicating why a great deal of support for social enterprise currently focuses upon business orientated outcomes.

Over the past 10-15 years there has been a steady increase in the number in both academic and private organisations involved in research and scholarly activity that social enterprises and support organisations can draw upon (Pearce, 2003, Nicholls, 2006). Many of these are 'trade bodies' such as the Social Enterprise Coalition, UnLtd, New Philanthropy Capital and Community Action Network for example and are engaged in the production of data sets, support toolkits and reports aimed at benefiting the support sector. There has also been an increase in the number of Universities and learning institutions aimed at developing pedagogic activity, particularly in social entrepreneurship and ethical business management. There are two issues that can be raised here. Firstly, although developing conceptual understandings of social enterprise policy support needs is important, it could be argued that there is an equally important argument or indeed requirement to develop applied or action research, rather than pure research into support needs. This logically raises questions about whether or not social enterprises would willingly engage or participate in academic research that appears not to be focussed upon practical or 'real' support issues.

Secondly, the number of academic institutions engaged in teaching and researching entrepreneurship and support whilst fairly limited, cover a wide variety of academic disciplines and have in part catalysed the development of a number of important research networks, such as the Skoll Foundation and the 'trade body' groups mentioned previously. This wide variety of organisations and disciplines naturally raises a question about a need to develop a co-ordinated approach to social enterprise support and research.

Interestingly though, these questions lead to a more abstract idea of the role of support bodies in determining the social enterprise sector. As policy support bodies assimilate various cross-disciplinary inputs from both policy and academic sources, it can afford them what Grenier (2006) refers to as gatekeeper status. This suggests support bodies, including some social enterprises, are able to determine which social enterprises are eligible to join either the support network or sub-regional decision making forum. This kind of informal accreditation, based upon criteria suggested by the support policy network would apply to each target organisation individually to allow access to information, finance, business support and decision making (Grenier, 2006).

Importantly, work by Grenier (2006) upon human action and agency in creating and developing support jurisdiction can be linked directly to work by Alter (2006) about entrepreneur support models. This helps in particular to identify how social enterprise support bodies/networks 'sell' support services, based upon select criteria or targets, which in turn enable a two way flow of support knowledge. An adaptation of this model can be seen in Figure 4.6.

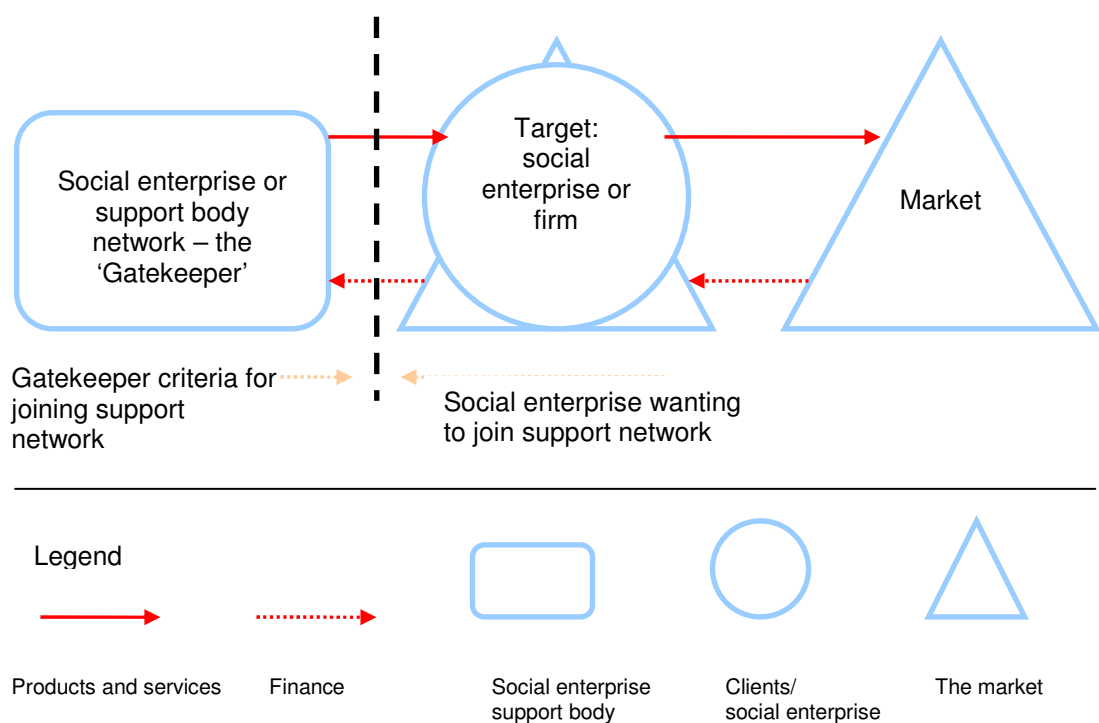


Figure 4.6: The 'right' to access policy support via support gatekeepers. Adapted from Alter, (2006, p.215) and Grenier, (2006).

Many policy support organisations operate across various scales and between all three sectors of the economy and have ultimately resulted in social enterprise support policy differing geographically both across and within the English regions. In practical policy terms this has meant some regions, through the respective RDAs, have produced regional support strategies whilst others have not.

Moreover, linked to this, is the extent to which social enterprise support is devolved further still to sub-regional and more local levels. Table 4.4 shows which English RDAs have devolved social enterprise support policy co-ordination sub-regionally and those that have retained some form of management or co-ordinating function.

Support regionally led	Support sub-regionally led
North East	North West
West Midlands	Yorkshire and Humber
East Midlands	South East
East of England	South West of England
London	

Table 4.4: Regional and sub-regional co-ordination of social enterprise support. Adapted from Rocket Science (2007, p.23).

There are a number of key things to observe here. Firstly, the nature of devolved co-ordination of social enterprise support policy whilst arguably being increasingly reflective and responsive to local social enterprise requirements, could be viewed as a 'rejection' of nationally directed social enterprise support simplification offered by central government and other national policy makers. Secondly, an over-reliance upon sub-regional support bodies to deliver both policy and practical support to social enterprises may place pressure upon sub-regional and local support and social enterprise networks.

Research by Rocket Science (2008) into social enterprise networks found that sub-regional and local social enterprise and social enterprise support networks often vary in geographical coverage and quality with many smaller organisations being particularly fragile, primarily due to relying upon the commitment of individuals. The research also found that larger support networks were more likely to develop trust and reciprocity with regional policy makers although there was little evidence acknowledging the capacity or ability of networks to effectively communicate or transfer knowledge about support either upwards to regional policy makers or downwards to social enterprises. The issue of individuals and reflective policy learning is discussed

in more detail in parts of Chapter 3 and chapter 5. There is also an additional issue where some RDAs (see table 4.4) have, or are in the process of, attempting to develop sub-regional support networks rather than rely upon existing ones. This process has the potential to create conflict as policy support systems become top-down and increasingly distant from social enterprise requirements and organic network capacities.

Interestingly, social enterprises in need of support or policy guidance could in fact choose to link direct to national level policy through the Capacitybuilders programme. Capacitybuilders are a Non-departmental Public Body (NDPB) and were established in 2006 to work with local funders to develop strategies and influence policy on building the capacity of the third sector (Capacitybuilders, 2009). Their overall investment comes through the distribution of around £88.5 million between 2008 and 2011 of which £6 million is dedicated to the specific development of social enterprise support (Capacitybuilders, 2009). Although their role is primarily one of co-ordination of funding, working with the RDA's and local support networks and social enterprises themselves, a nationally created organisation involved in local organisation and streamlining of support and capacity building related funding may create confusion amongst social enterprises wanting either basic business support or more specialised knowledge available at sub-regional levels. The level of policy support available for social enterprise at regional level therefore appears re-enforced despite the fact four of the nine English regions are promoting social enterprise support to be organised and delivered sub-regionally. More detail about the role of Capacitybuilders in the case study regions is found at the beginning of Chapter six.

Conclusion

Parts of this chapter have highlighted some of the debates regarding what explicit values social enterprise stands for, what their extractable characteristics may be and how they allow for social enterprise to embed within local networks. These debates have raised many issues, particularly for policy makers but also for support organisations who must make sense of local social enterprise requirements against considerable variety in ethical missions, organisational forms, legal structures, funding mix, staffing expertise to name a few. Support bodies must not only balance their needs but be aware of subtle changes in the sector, be able to anticipate changes and plan ahead naturally raising questions over their ability to communicate with national, regional delivery and policy making agencies and understand local and community contexts.

This chapter reviewed various interpretations and definitions of social enterprise and examined the characteristics and values associated with them. It linked common understandings, characters and values to their potential role in local networks and the formulation of local economic and regeneration policy responses. It has also examined theoretical perspectives to social enterprise development, which ultimately helped better understand how social enterprise might interact with other organisations and established social-economic and socio-political systems. The chapter also examined how the different understandings associated with social enterprise may cause problems for social enterprise support agencies and examined what policy support might be available for social enterprise from both policy and academic sources.

Policy makers, support organisations and many social enterprises have historically struggled to fully understand and define what social enterprises are. This is perhaps in part due to the fact social enterprises have grown organically from a number of disparate sectors and therefore policy makers have struggled to formulate adequate policy or support responses. It is also perhaps due to central government and support organisations promoting particular conceptual ideas of what social enterprises are without fully unpicking the meanings and discourses that chiefly lay between the state, market and social constructed frontiers (Evers, 2001).

Although there is a centrally recognised definition produced by the OTS many enterprising organisations appear to pick or choose locally orientated constituents from it. In this sense the national definition of social enterprise appears to constitute nothing more than a guiding principle through which central government accentuates the importance of competition, innovation and inclusion.

Many social enterprises believe, perhaps erroneously, that having a definition is necessary to understand meaning, function and relationships. Yet real understanding and interpretation of social enterprise begins to emerge with the examination of the specificity of extractable characters and values. The way in which wider character and value can be separated into social and economic dimensions goes some way to help identify function and typology. In this sense different types of social enterprise exhibit different characteristics yet interestingly at the same time exhibit broad dominant values. This suggests that social enterprise can be viewed as flexible and even dynamic in

their operation. Put another way, social enterprise can be viewed as a bridge between social and entrepreneurial objectives predicated upon certain fluid dynamics, such as collective or individual focus for example. Importantly the connecting role of social enterprise has invariably meant that the broad dominant values exhibited by many organisations, notably inclusivity, co-operation and people orientation have led to network arrangements with other social enterprises, public bodies and political institutions which go some way to understanding the role social enterprise may play in developing local CED projects and social capital.

The multi-faceted nature of the social enterprise sector has meant many support institutions find it difficult to make sense of specific social enterprise needs and therefore undertake inadequate intervention. Increasing amounts of support is one-dimensional, primarily tackling business objectives for example. This is due in part to time-limited grant funding and the need to deliver quickly and in part due to an increased focus upon making social enterprises work as a business. The economic orientation of a great deal of support makes measuring quantitative returns easier but essentially misses much of the diverse work undertaken by social enterprise as their impacts are often intangible. This has raised fundamental questions regarding how the success of social enterprise and support policies should be measured.

The growth in policy support over the past 15 years or so has raised a number of issues. The development of both practical and policy support for social enterprise has largely been devolved to the regions and sub-regions by central government in an attempt to match the local diversity of social

enterprise needs. However, it has been recognised by central government that this has resulted in variable quality in terms of both quantity and quality of support. Although there is an increase in the devolution of policy support still further to local authorities and an increase in private sector support consultancies, there is little evidence to suggest how further devolved arrangements may work, nor any assessment about how the quality of non-state support intervention should be measured.

Notwithstanding this, there has also been a growth in both state and academic led research into social enterprise and specific support needs. Much of this research details conceptual understandings of social enterprise support and logically raises questions over the practicalities and involvement of social enterprises in pure academic research specifically relating to developing policy support knowledge.

The next chapter examines the empirical findings relating to how respondents from different English regions perceive social enterprise location and support.

Chapter 5

Social enterprise support and development across the English regions

Introduction

The purpose of this chapter is to examine how respondents from different English regions perceive social enterprise location and support. The chapter starts by examining how various regional and sub-regional agencies view their efforts at developing their respective social economies. In this section survey responses are analysed using a multi-region benchmark of social economy development against the London social economy. Attention next focuses upon the relationship between affluence and the location of social economy organisations and the types of location social enterprises are typically found in. The chapter then considers why support for social enterprise differs across the English regions. This particular section looks to identify links between support for social enterprise and the reasons why social enterprises locate where they do. Finally, the organisation, impact and measurement of social enterprise support are analysed.

This chapter is based upon responses to several research questions in the National Social Enterprise Scoping Survey or NSESS. The NSESS involved 121 web based questionnaires to strategically selected policy actors and support organisations across all English regions, including London, between late 2005 and early 2006 and comprises a range of questions grouped into three categories; social enterprise and the social economy; social enterprise support and; development impact and growth. The NSESS was structured with a ratio of 70% quantitative ‘closed’ questions and 30% ‘open-ended’ questions, allowing for analysis of both quantitative and qualitative responses in this chapter. Qualitative responses were analysed by coding and categorising responses, enabling some comparative analysis to take place.

The overall response rate for the NSESS was 47.1%, which varied between the regions, with low regional response rates rendering some data categorisation unreliable. To counter this data were analysed using four approaches, one, by aggregating all regions, two, by multi-region, three, region by region and four, by organisational type. Where data has been cross-tabulated, Chi-Squared analysis has been used to test the independence of observed and expected findings. Where this is the case the null hypothesis states there is no association between the observed and expected findings, with each table indicating whether the null hypothesis has either been accepted or rejected along with the appropriate level of significance and probability. Because of low responses in some categories the data has been amalgamated to give a multi-region response, originally into Northern, Midland and Southern regions and latterly into Northern and Southern regions. The North/South multi-region analysis was preferred as on trial run-throughs it gave a clearer national picture of social enterprise development in particular when benchmarking development against the London social economy. The majority of analysis in this chapter therefore examines responses from Northern and Southern regions.

Whilst full region-by-region analysis had been hoped for, the low response rates in some regions would have compromised findings. Data were also broken down by the organisation type of respondents, representing both government and non-government bodies. This was subsequently rejected due to some categories having low responses. The preliminary analysis of this data provided little additional information which could not be identified through a North/South multi-region or national analysis.

The analysis of responses specifically relating to social economy development such as the multi-region benchmarking against the social economy in London and the examination of affluence and place all refer to the social economy rather than social enterprise. In these instances, the term ‘social economy’ is used as a proxy for social enterprise development and location. Analysis of all other responses relate specifically to social enterprises. Using a convention from the Office of National Statistics regarding jurisdictions of the English regions, the Northern regions comprise Yorkshire and the Humber, North East, North West, West Midlands and East Midlands and the Southern regions comprise East of England, South East, London and the South West. It was decided to amalgamate London into the Southern regions due to the low number of responses from London. Table 5.1 illustrates the NSESS sample, the number of responses and the percentage response rate between the regions.

Region	Sample number	Returned	Percentage response (%)
Yorkshire and Humber	12	8	74.6
North East	13	8	61.5
North West	13	8	61.5
London	9	2	22.2
South East	17	12	70.5
South West	12	5	41.6
East of England	15	6	40.5
East Midlands	15	3	20
West Midlands	15	5	33.3
Totals	121	57	47.1

Table 5.1: NSESS response rates per region.

Social economy development and regional divergence

Examining how regional and sub-regional agencies view the development of social enterprise and the social economy in their respective regions helps to build a picture of how regional and sub-regional actors view their efforts at supporting social enterprise. The NSESS originally requested respondents to rate their perception of social economy development within their respective region on a scale of 1 to 5 with 1 being least developed and 5 being most developed. This question however is slightly problematic as it assumes there is a shared understanding of a national level of social economy development. Due to the different ways in which respondent's measure or gauge success, analysis of this particular question did not provide a fully consistent national overview of social economy development. It was therefore decided instead to analyse social economy development in different localities by use a widely recognised benchmark.

Unpicking regional difference has therefore been analysed in two ways. Firstly, respondents were asked to rank the development of their social economy in comparison to London, an approach which whilst not without problems does help tease out different levels of social economy development in different localities. London was selected as a benchmark as it is widely recognised as having one of the most well-known social economy sectors in England (Social Enterprise London, 2007). Respondents were requested to rate their perception of social economy development compared to London on a scale of 1 to 3 with 1 being less developed than London and 3 being more developed than London (Figure 5.1).

An initial region-by-region analysis of the results from this particular question did not yield any outstanding patterns. Intriguingly however multi-region analysis of Northern and Southern regions provided a clearer picture. Most regional respondents from both Northern and Southern regions perceived their social economy to be generally less developed compared to that in London (score of 1), represented by 53.1% of respondents from Northern regions and 63.6% of respondents from the Southern regions.

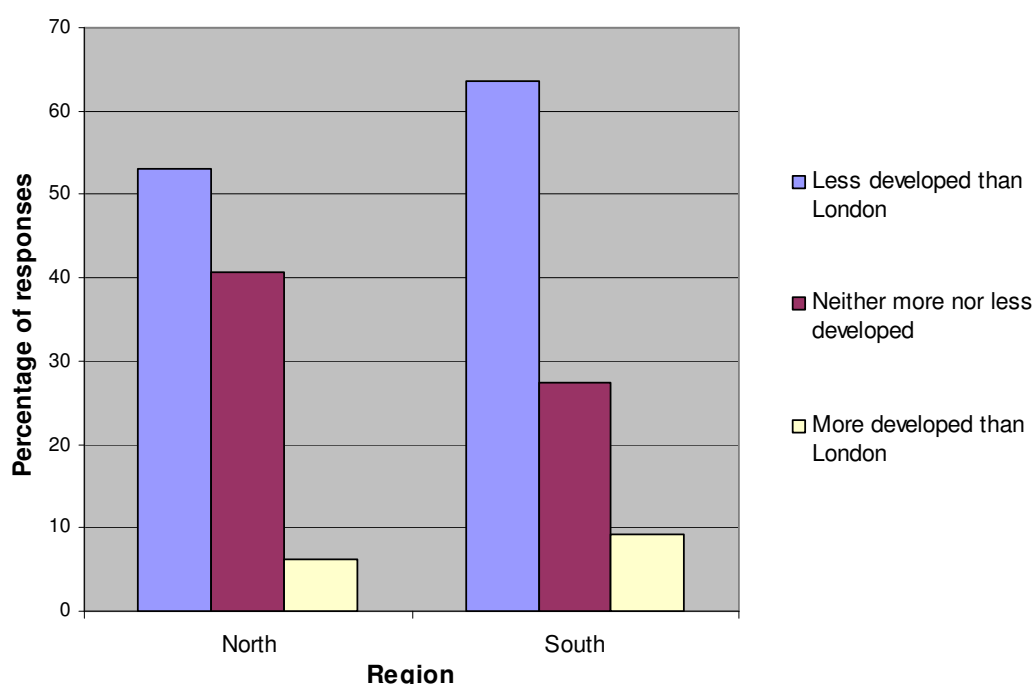


Figure 5.1: On a scale of 1 to 3 with 1 being less developed and 3 being more developed, how well developed is your social economy compared to say that in London? N = 53.

Considerably fewer respondents from both regions feel that their social economy is more developed compared to that of London. One important issue however needs to be kept in mind. There is a degree of awareness of the London social economy across all English regions, however, one may assume respondents from the Southern regions have a more detailed knowledge of the strength and success of the London social economy, due primarily to their proximity to it, and are therefore able to provide a more accurate benchmark.

Yet, there might also be a genuine belief by some respondents in the North that their social economy is at least as advanced as that evident in London. This may be in part attributed to respondents in the North showing regional pride or simply being more aware of achievements in the Northern social economy.

In addition to benchmarking social economy development against London, respondents from Northern and Southern regions were asked why they felt their region's social economy was different to that of London. To do this, respondents were given a pre-defined list from which they could pick as many reasons as they wanted, or add new possibilities. The pre-defined list was influenced by previous research into social enterprise and social economy location and by social economy mapping documents such as Blanc et al (2001), Smallbone et al (2001), Harrington et al (2003) North West Development Agency (2003a), DTI (2003) and Somers (2006).

A multi-region analysis highlights one key area of interest (Figure 5.2). Respondents from both Northern and Southern regions consider 'support for social economy development' to be a major factor with over 45% of respondents in Northern regions and 37% of respondents in Southern regions suggesting this as an important determinant when benchmarking against the London social economy. This category encompasses institutional, financial and political support. The result appear to indicate that the specialist support which social enterprises often require is not met in a consistent way across the English regions. Indeed, research by Rocket Science in 2007 found that the diverse requirements of social enterprise has in fact led to a wide range of

bodies and organisations delivering a variety of support packages which are not entirely consistent².

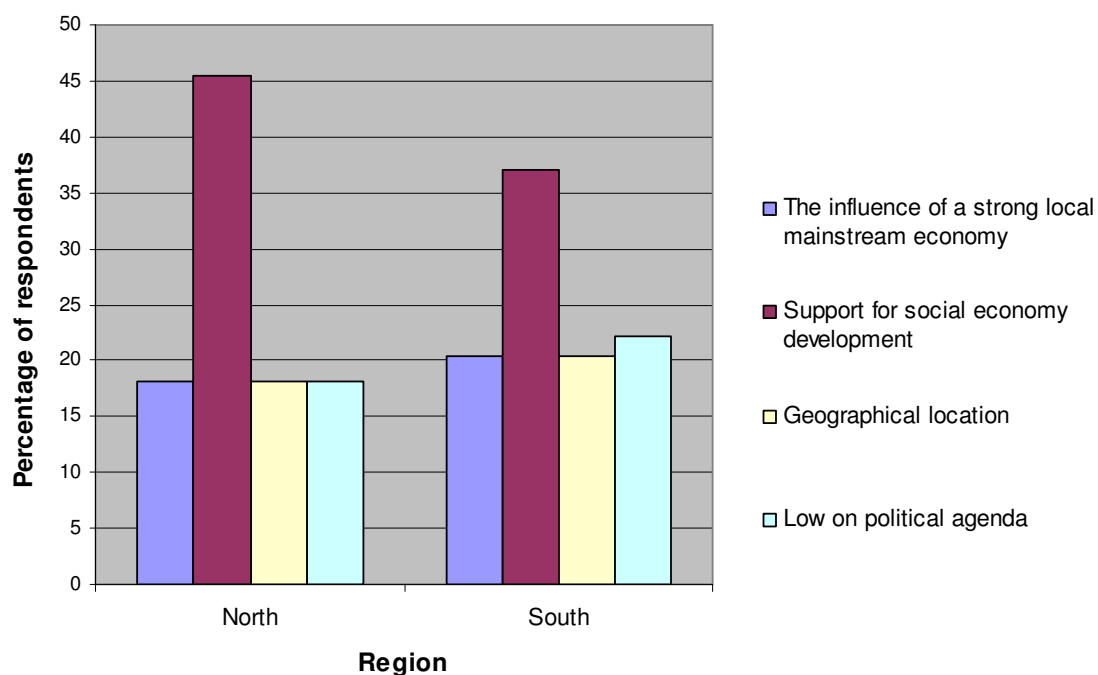


Figure 5.2: Why do you consider your region's social economy to be more or less developed than that in London?

The cross-tabulations were analysed using *chi*-square. The value of χ^2 was not found to be significant at the level $p < 0.05$ ($\chi^2 = 0.824$, $df = 3$). $N = 54$.

Locations of social enterprise support

This section examines two specific questions. It starts by examining respondents' understandings of why social enterprises locate where they do. Attention is then focussed upon why support differs across England. Both of these research areas are important as they link with a key objective of this research, most notably observing social enterprise success in relation to the construction of policy and support knowledge. Finally, this section considers

² Respondents were not asked to specify if determining reasons were either positive or negative in benchmarking against London, therefore could be implying the importance of support provision includes either successful or unsuccessful support.

the influence of the local mainstream economy and its impact upon social enterprise support and development.

For the first question in this section respondents were requested to pick the most important two reasons why they believe social enterprises locate where they do in their respective region. Respondents had to choose reasons from a list which was derived from various social enterprise mapping documentation, government and academic literature particularly referring to how place matters when discussing social enterprise location (Blanc et al, 2001, DTI, 2002, and Hudson, 2005). A region-by-region analysis and an analysis by organisation type did not yield any significant findings therefore a multi-region analysis was used to provide a broad-based comparative assessment.

The multi-region analysis provides two main conclusions (Figure 5.3). The first highlights the importance of grant funding as a factor in determining the location of social enterprise, with just over 31% of respondents from both Northern and Southern regions considering this important. Although established social enterprises are not normally regarded as highly mobile, the findings do suggest the location of social enterprise may in fact be influenced by the spending criteria of locally administered regeneration or European funding, such as Local Enterprise Growth Initiative (LEGI) or grant funding from local authorities. In this sense funding, rather than been a limiting influence can in fact open up possibilities.

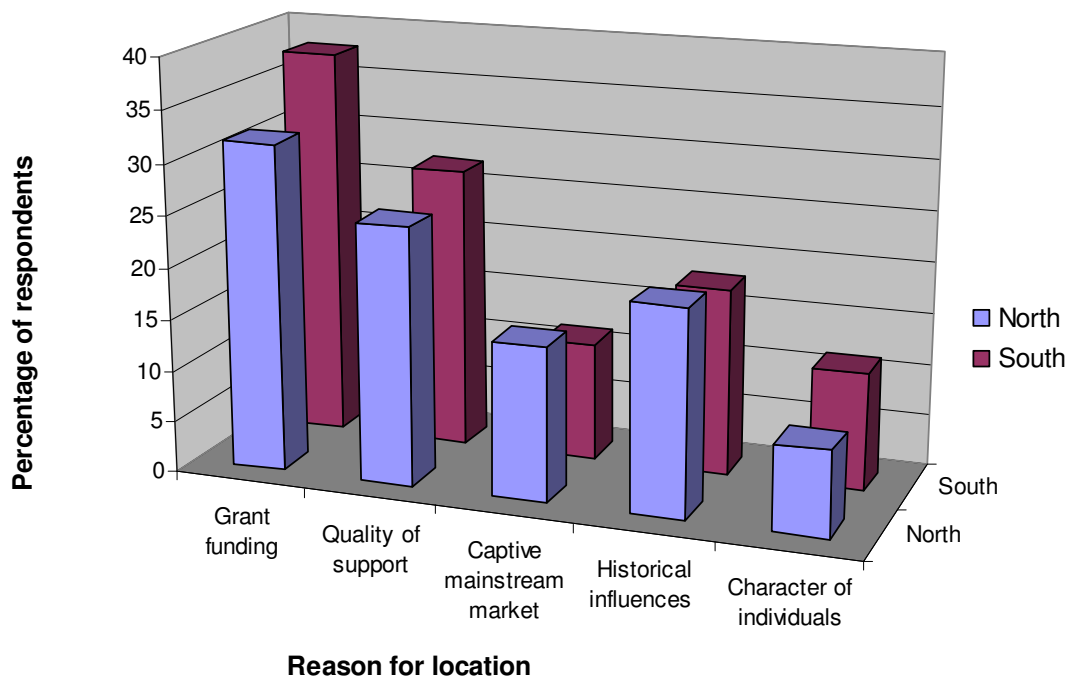


Figure 5.3: Why do you think the majority of social enterprises are located where they are in your region?

The cross-tabulations were analysed using *chi*-square. The value of χ^2 was not found to be significant at the level $p < 0.05$ ($\chi^2 = 0.586$, $df = 4$). $N = 55$.

Grant funding for social enterprises remains a key issue. This seems to be despite constant messages from central government and social enterprise support agencies emphasising the significance of developing business orientated skills and the fact that locally administered grants available for social enterprises are being reduced. This provides an interesting paradox. As available grant funding gradually reduces, the percentage of grants that make up funding streams remain persistently high within some social enterprises (DTI, 2002, Consortium, 2003, North West Development Agency, 2003a, 2003b, Leeds City Council, 2004b). This raises two issues. Firstly, some social enterprises maybe unwilling or unable to move beyond grant dependency. Secondly, some support bodies continue to provide time-limited, unsustainable funding opportunities to social enterprise, without providing additional support upon how to access alternative funding such as loan

finance. In many cases, both of these issues are exacerbated by a general reluctance among mainstream banks to provide loan finance for social enterprise, which underpins the grant dependency paradox (Sattar and Mayo, 1998, Social City Enterprise, 2002, Merseyside Social Enterprise Initiative, 2003, Social Enterprise Bristol Development Project, 2003).

The second main finding is the suggestion that the quality of support available for social enterprise is a key factor in determining location. Support in this sense is concerned with the provision of longer-term specific business related advice including advice upon marketing and organisational development skills. The quality of support available to social enterprise raises a number of issues. Firstly, the quality of support offered by bespoke organisations in particular raises questions about the mobility of social enterprise. Although not considered highly mobile, quality of support could influence prospective social enterprises to locate in a specific locality and help reduce failure rates among new social enterprises. For quality of support to be an influencing factor, it must be considered that it varies within and between regions, because of the experience and commitment of who provides it, who funds it and how successful it is.

This suggests quality of support differs either within or between regions indicating either regional or sub-regional support structures are not working to their full potential in some areas, support is spread too thinly across larger regions or the quality of support provided by individual providers is a greater influencing factor than first considered. Part of the problem regarding support is the specific needs of individual social enterprises and how they differ over

the life of the enterprise. Research by Rocket Science in 2007 found that the diverse requirements of social enterprise have led to a variety of support organisations which are not entirely consistent in terms of the quality or geographic coverage of support.

In localities which exhibit certain elements of a good social enterprise support network, such as well managed network communication and information sharing, it has been found that social enterprise can in fact cluster together (Smallbone et al, 2001). This raises the interesting question of how social enterprises, and support providers for that matter, know what constitutes successful support. This particular issue is examined in Chapter 6. Further analysis is also needed to consider why respondents perceive quality of support for social enterprise to be more of an influencing factor than the proximity of a captive mainstream market, which also have been considered an important influencing factor affecting location.

Finally, how support providers operating within less successful support networks learn from each other becomes increasingly important. As discussed in Chapter 3, how policy makers and support providers respond to localised problems of support is not only important for this research but for policy relevant fields such as the work done by RDAs in policy learning and formulation. How local networks can therefore learn from previous policy and each other and then formulate support policy which in turn influences social enterprise development and location is crucial to understanding why social enterprises locate where they do.

It is of interest then that historical influences such as local culture and politics seem to be a key factor determining the location of social enterprises (Figure 5.3). This seems to be an issue for respondents in both the Northern and Southern regions as 20% and 18.2% of respondents respectively consider historical influences to be an influencing factor. This could be attributed to historical links between local regeneration funding providers, their agency networks, local government and the community and voluntary sector.

Attention now focuses upon why support for social enterprise differs across English regions. This is important as it helps understand how social enterprise may develop in relation to mainstream markets and how their dependence on the state for support may develop. Respondents were requested to suggest reasons why they perceive support for social enterprises to differ in their respective regions. Responses were in the form of a short narrative which was subsequently analysed by coding into several categories. A multi-region analysis was used as both region-by-region analysis and government and non-government organisation analysis did not demonstrate any clear or major interest (Figure 5.4).

A multi-region analysis of responses suggested two key reasons why support for social enterprise differs across the English regions. The main issue for both Northern and Southern regions appears to be the way in which policy makers understand the specific support needs of social enterprise. According to 49.1% of respondents in the Northern regions and 44.2% of respondents in the Southern regions this particular issue has led to variations in the quality of support available for social enterprise. This is in line with research by

Smallbone et al. (2001, p.63) which concluded that advice and support structures for social enterprise are in fact ‘...weak, fragmented and variable in quality...’ In addition, research by Rocket Science in 2007 found that support for social enterprise across the UK has developed into a complex and fragmented infrastructure delivered by a broad collection of organisations exhibiting inconsistencies in success rates, geographical coverage and skills exhibited by individual support providers.

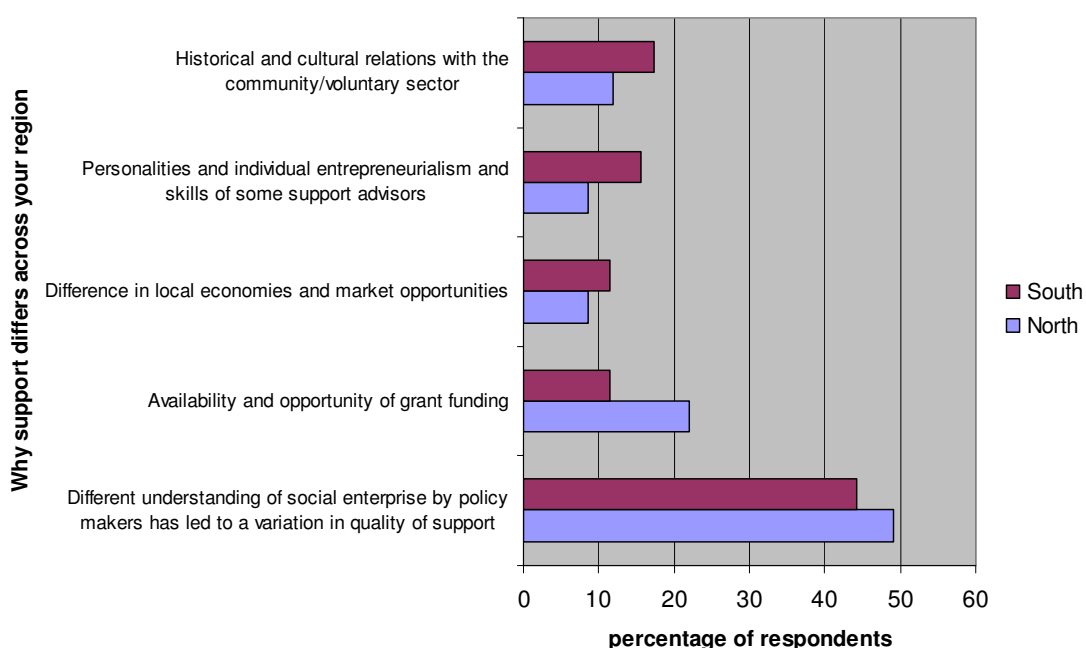


Figure 5.4: Why do you think support differs across your region? Responses from Northern and Southern regions.

The cross-tabulations were analysed using *chi*-square. The value of χ^2 was not found to be significant at the level $p < 0.05$ ($\chi^2 = 3.88$, $df = 4$). $N = 50$.

Another finding from the Smallbone et al research was that successful models of support were not shared between social enterprise policy makers, thus exacerbating regional differences in understanding. This is partly due to the way in which regional and sub-regional policy makers learn from previous policy failings and the way specific support policy is created within a multi-policy making environment. In this sense the quality of support available for

social enterprise is not just about different social enterprise needs but the wide array of professional disciplines that support providers have to deal with. For example Business Links mainly deal with small private firms driven by a different set of commercial values to social enterprises, whilst RDAs have a plethora of economic outputs and targets to consider alongside balancing the social and ethical outcomes of social enterprise support policy.

Respondents also suggested availability of grant funding was a key reason for support differing across English regions, with 22% of respondents in Northern regions and of 11.5% respondents in Southern regions feeling this is the case. This perhaps suggests social enterprises are more dependent on grant funding in Northern regions compared to their Southern counterparts. This could be because of a higher number of dedicated regeneration funding programmes aimed at third sector capacity building and social enterprise start-ups in Northern regions. The type of grant funding may also prove to be a reason why support differs between the regions; European Objective 2 funding for example, in part promotes the creation of social economy organisations. The availability of grant funding also suggests social enterprise and support organisations for that matter are still highly dependent upon the state. Research by Hudson (2005a) found that even the most successful and well known social enterprises rely heavily upon public funding or public contracts to support them.

For the third area of analysis in this section, attention is focussed upon how local mainstream markets are perceived to impact upon social enterprises. The intention here is to develop a better understanding of the impact and

relationship between the local economy and social enterprise, enabling support providers and policy makers to channel resources into developing appropriate forms of support for the sector. For this particular question, respondents were requested to explain how they feel the local economy has impacted upon emerging social enterprises in their respective region. Responses were in the form of a short narrative which was subsequently analysed by coding into several categories (Figure 5.5). A national analysis was preferred as a multi-region and a region by region examination proved inconclusive due to some low responses. An analysis of government and non-government organisation did not demonstrate anything of major interest either.

Figure 5.5 reveals two key areas of interest. The first concerns how many respondents agree with the statement that 'less successful local economies create market opportunities for social enterprise'. This particular view is shared by 37% of respondents and contrasts with research by both the DTI (2002) and Amin, Cameron and Hudson's (2002) which concluded that socially enterprising organisations are more likely to locate and be sustainable in more successful local economies. This particular finding could at least be in part due to greater levels of regeneration funding aimed at economic restructuring in areas exhibiting economic deprivation. It could also be because current policy expects social enterprise to be part of a local solution tackling marginalised localities which have seen a reduction in state and market services. This raises an issue of how state administered funding is being used to support social enterprises in certain areas, particularly where generations of state-funded regeneration have often failed to tackle aspects of deprivation. Although social enterprises are predicated on certain social and

moral values which make them better suited to operating in areas exhibiting social exclusion, there is a question of how social enterprises are expected to survive as sustainable market based entities in difficult local economic conditions.

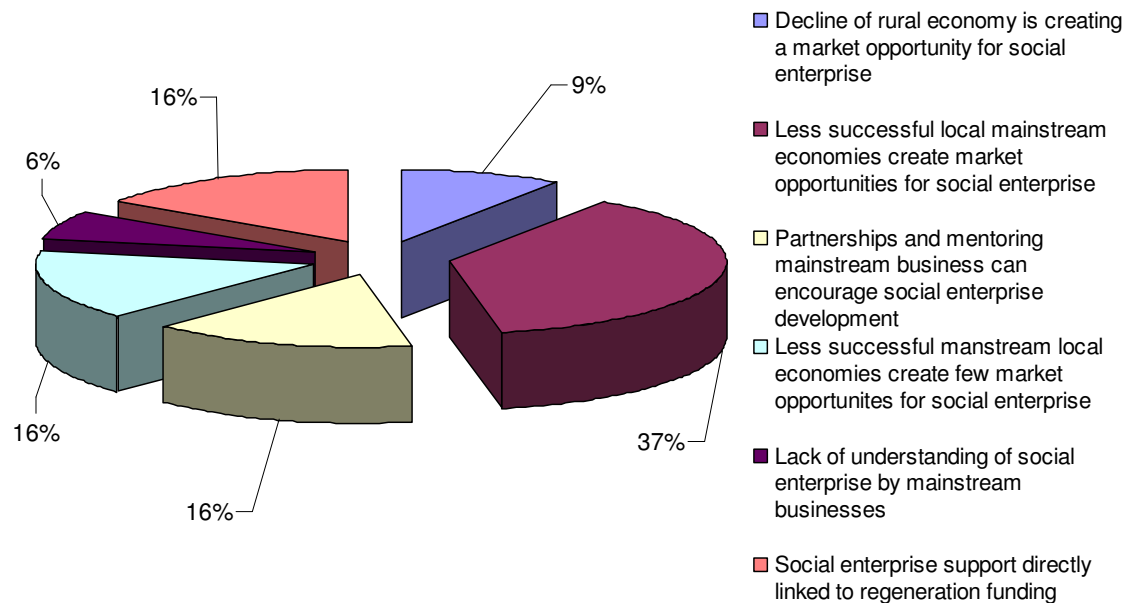


Figure 5.5: In what way has the local economy impacted upon social enterprises? Responses from all English regions. N=25

Interestingly, 16% of respondents consider less successful mainstream economies create fewer opportunities for social enterprise to develop, contradicting the above findings to some degree. As difficult operating conditions pose similar barriers to both social enterprise and mainstream businesses, social enterprises are probably no more viable than private counterparts. These findings also appear to support research by Hudson (2005a) suggesting social enterprises based in locations exhibiting a relatively weak mainstream economy, are unable to create sufficient network connections with private sector businesses to derive any mutual benefit and therefore struggle to survive. The second area of interest concerns how social

enterprise can benefit from partnering and mentoring with mainstream businesses, highlighted by 16% of all respondents. Research by the DTI (2002) found that the perceived benefits of sharing skilled staff and knowledge, through networking for example, are a key driver for social enterprise development.

The types of location social enterprises are typically found in

This section examines the opinions of regional and sub-regional support and policy bodies about the types of location social enterprises are typically found in within their regions. Analysis is undertaken in a number of ways. Firstly, respondents were requested to select two types of locality which they perceived as having the most social enterprises located in them. Selecting two types of social enterprise location is important because it allows for more exploration of agency involvement through historical regeneration funding, or business support grants for example. It is also important in making links between local market opportunity and the location of social enterprise, issues that are covered further in the next section. The list of locations respondents had to pick from was mainly informed by social enterprise mapping exercises such as Blanc et al. (2001) and Harrington et al. (2003). An initial region-by-region analysis of this particular question did not yield any significant findings, however a multi-region analysis of Northern and Southern regional responses enabled some comparative analysis to take place.

Influenced by Amin, Cameron and Hudson's (2002) work on how socially enterprising organisations are more likely to locate and be sustainable in more successful local economies and research by the DTI (2002) regarding how

social enterprise needs to develop better within mainstream markets, a second research question focused upon the location of socially enterprising organisations in relation to affluent areas. Respondents were asked to agree or disagree if they thought social economy organisations were more likely to be located in affluent areas in their respective regions. Whilst not giving the whole socio-political picture of the historical influence of place, this particular analysis is important as it helps understand why social enterprises and social economy bodies locate where they do.

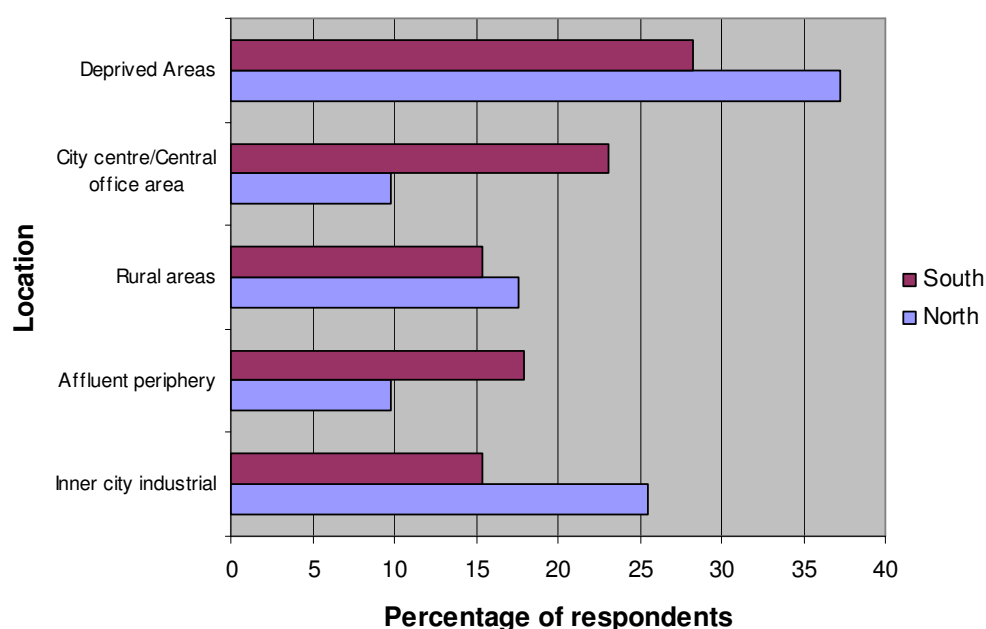


Figure 5.6: In your opinion where are the majority of social enterprises located or active in your region? Responses from Northern and Southern regions.

The cross-tabulations were analysed using *chi*-square. The value of χ^2 was not found to be significant where $p < 0.05$ ($\chi^2 = 5.28$ $df = 4$). $N=54$.

The first multi-region analysis examines the types of location social enterprises are typically found and illustrates several key areas of interest (Figure 5.6). Although the differences are not statistically significant overall, it is noticeable that the largest category number of respondents from both Northern and Southern regions consider social enterprises to be typically

located in deprived areas with 37.3% and 28.2% of respondents respectively. On the surface this seems to contradict Hudson (2005a) who suggests social economy organisations rarely originate in the resources of communities lacking the necessary business skills or entrepreneurial resources needed to create and sustain a social enterprise. This raises a number of interesting issues. Firstly the role of the state either through the provision of grants or targeted regeneration funding could prolong the life of social enterprises that would otherwise be short-lived. Secondly it raises an issue about the extent to which social enterprise can actually make a difference in deprived areas in terms of trading and becoming sustainable. This final issue relates to research by the DTI (2002) and Hudson (2005a) about social enterprise being less a mechanism to generate new local resources but more of a tool to deliver them, albeit with state funded support. This particular issue links to a broader set of questions regarding polarisation of social enterprises and the social economy. As discussed in parts of Chapter 3, there appears to be a growth of general interest organisations offering alternatives to state services in deprived areas. These organisations tend to be underwritten by state grants or contracts with local government bodies, are set up hurriedly to tackle a highly localised problem and may be established using poor market research and have lack of sustained demand for services (Fyfe, 2005, Hudson, 2005, Moulaert and Ailenei, 2005).

The analysis now turns to rural locations. Over 17% of respondents in the North compared to 15.4% of respondents in the South suggest rural areas to be an important location for social enterprise in their regions. This could be because of several possible reasons. The first is that many rural areas are

also deprived areas, perhaps suggesting rural areas in the North are less likely to be affluent than those in the South. This relates to work undertaken by Carr (1999) which suggested an emerging North/South rural divide, in which rural economies in the South have diversified sufficiently to become predominantly self-sustaining by compensating for employment migration and associated job losses. Conversely the Northern rural areas which have predominantly been unable to compensate for employment migration have suffered rural economic decline.

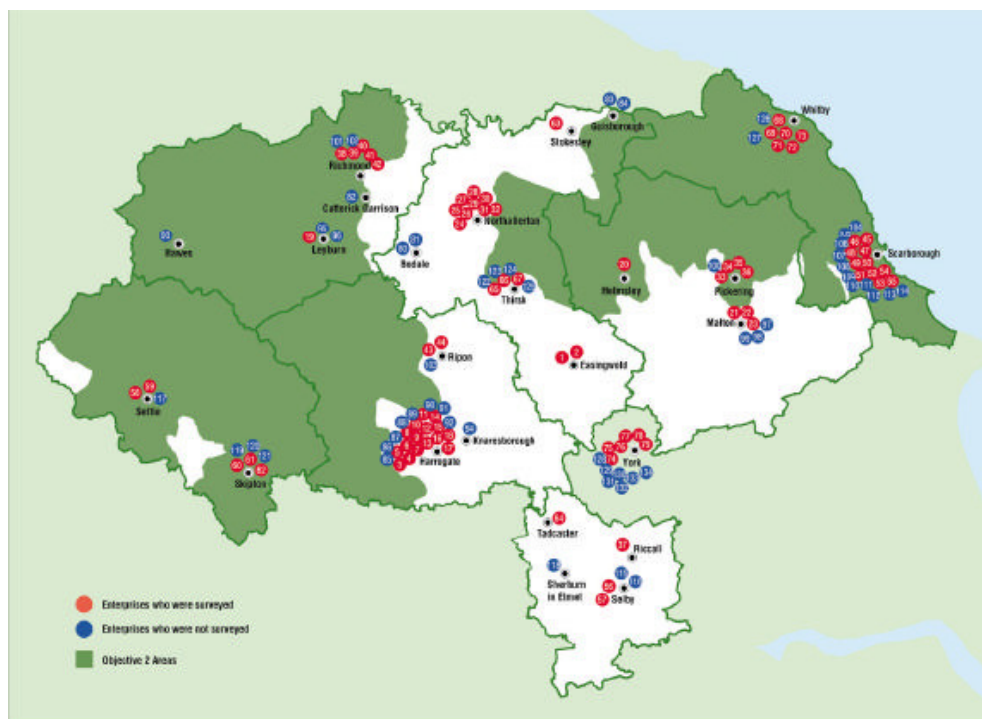


Figure 5.7: Objective 2 areas and the clustering of social enterprises in North Yorkshire. Adapted from Harrington et al (2003).

Research by Enterprising Communities (2002) found that up to 55% of all rural social enterprises in Cumbria were located in former industrial communities which predominantly displayed an urban character within a rural setting. The perceived greater number of social enterprise in Northern rural areas could therefore be partly attributable to the many de-industrialised conurbation settlements in parts of the North, such as former mining communities in South

Yorkshire. Many deprived rural areas have a history of European Objective 2 funding which may suggest a link between funding and the location of social enterprise. However research by Harrington et al. (2003) regarding developing rural social enterprises in North Yorkshire suggested there is in fact no correlation between Objective 2 funded areas and the prevalence of social enterprise. This was also interesting as it highlighted the way in which social enterprises cluster irrespective of historical funding regimes. This raises fresh questions about the influence of place and the legacy of historical regeneration funding in localities.

Another area of interest is illustrated by how responses varied regarding inner city industrial location. In the North 25.5% of respondents considered social enterprises were typically to be found within inner city industrial areas, compared to 15.4% in the South. This could be attributed to incidences of both European and national regeneration funding aimed at increasing business start-up and encouraging the development of incubator units for SME's for example (DTI, 2002). Research by Ramsden et al. (2001) for the New Economics Foundation found that inner city industrial locations are home to some of the fastest growing companies in the UK. Of the 100 highest-growth companies located within inner city industrial locations, 11 were social enterprises, 8 of which were in the top 50 performers. This particular debate touches upon the relationship between social enterprise and private sector businesses. Hudson (2005a) suggests in areas with stronger local mainstream economies, social enterprises are able to derive greater benefits than in locations with weaker mainstream market economies. Research by Smallbone et al. (2001) for the Small Business Service suggested that the clustering of

social enterprise with other businesses was in fact common particularly through informal networks, which is in part corroborated by the NSESS findings. The clustering of social enterprise is a key aim of all English RDAs because of the perceived benefits of sharing skilled staff and knowledge, through networking for example. Additionally, the clustering of social enterprises with mainstream businesses can also provide a mutual learning and trading environment (DTI, 2002).

Attention now shifts to responses regarding city centre/office location. In the Southern regions 23.1% of all respondents' perceived social enterprise to be typically located in city central or office locations. This compares to 9.8% of respondents in Northern regions. There are several possible reasons why this may be the case, namely:

- Many services offered by social enterprises in Southern regions are filling a market demand for predominantly service based enterprises therefore affecting location;
- Respondents in the South feel public sector procurement is less secure than respondents in the North. This means that social enterprises in the South may rely upon the commercial sector to develop, and;
- Social enterprise support in the South targets certain types of enterprise more than others.

There are two other interesting issues that require a little more discussion. Commentators such as Amin, Cameron and Hudson, (2002), Pearce, (2003), Hudson, (2005) and Nicholls, (2006), have argued that the location and development of social enterprise can't be discussed without reference to the

influence of the state, for grants and support. Yet the influence of the state through the underwriting of social enterprises and grant support is not immediately evident in city centre/office locations.

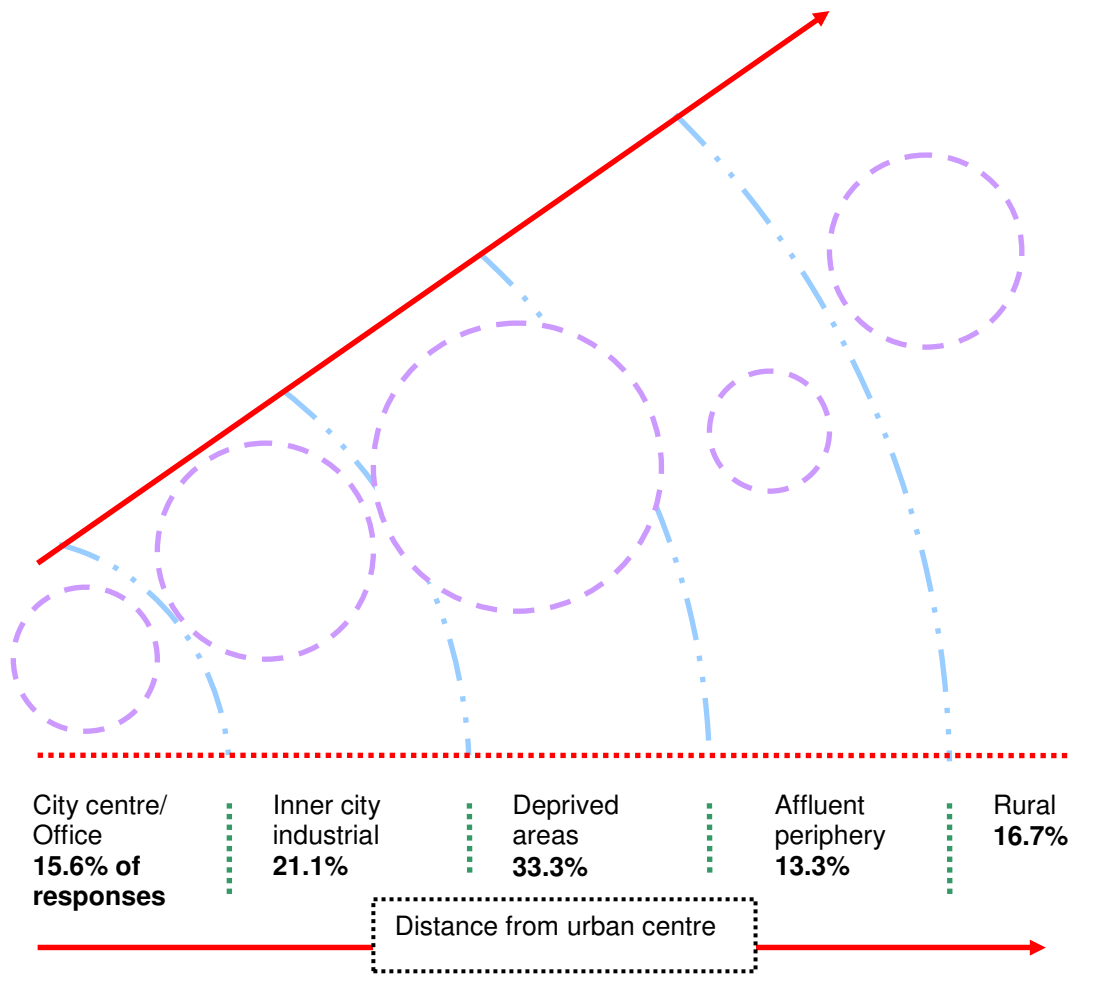


Figure 5.8 National perceptions of locations social enterprises typically locate. N=54

Larger, more corporate social enterprises may be seeking regional or even national markets. This would mean embracing a commercial culture more normally associated with mainstream private businesses. This could indicate that social enterprises that are located in city centre/office areas are larger or more market orientated than those located elsewhere. The process by which social enterprises subordinate their social and ethical goals in favour of commercial orientated goals is suggested by Arthur, Keenoy and Scott-Cato

(2006). The increase in importance of associated commercial business planning and management in social enterprises raises questions about the changing nature of social enterprise support and is examined further later in this chapter and in Chapter 6.

The final intriguing finding concerns the location of social enterprise in relation to the affluent periphery of urban areas. Figure 5.6 reveals that social enterprises in the South are felt to be more likely to be typically located in affluent peripheral areas than in the North. This is illustrated by 9.8% respondents in the Northern regions compared to 17.9% in the Southern regions considering social enterprises to be typically located in affluent peripheries. This relates to the aforementioned research by Amin, Cameron and Hudson (2002) regarding how successful and sustainable enterprises tend to locate in more affluent areas. It also suggests that there has been a growth of smaller, independent lifestyle enterprises in neighbourhoods in the South. These findings could be due to the fact there are more relatively affluent neighbourhoods in the South, or higher levels of bespoke support from within the social enterprise sector, from mutuals, self-help groups and individuals for example, who have more personal time and resources to devote to running a social enterprise. Social enterprise and the wider social economy may also reflect increasingly devolved services and responsibilities in Southern regions, reflecting that the local state has transferred increasing amounts of decision making to local peripheral communities. Much of the debate in Chapter 3 regarding the repositioning of the state to accommodate communitarian and Third Way thinking advocates local approaches to social and economic restructuring, and emphasises the link between local economic

and community development and the contributions of community groups and decentralised partnerships. However, research by Hudson (2005a) suggests local communities, especially ones deprived of basic business and entrepreneurial skills are rarely capable of sustaining social economy organisations, at least without external assistance. We must also not presume that individuals and organisations in affluent areas are any better equipped to set up a business. Despite this Hudson (2005, p.12.) suggests “... cultural variety and an ethical fraction of the middle class, has played a determining role...” in influence and shaping local social economies.

The second strand to probing the issue of the location of socially enterprising organisations in relation to affluent areas highlights that there is a variation in the number of respondents who disagree about their region’s social economy organisations being mainly located in affluent areas (Figure 5.9). In the Northern regions 77.4% of respondents were able to disagree, compared to 44% of respondents in the South. This again suggests that social economy organisations in the North are more likely to be located in deprived areas than in the South. On the surface at least, this seems to further refine the aforementioned research by Amin, Cameron and Hudson in 2002 and perhaps even raises questions about central government advice about linking mainstream market opportunity to social enterprise and social economy development. It should be noted however that these responses do not consider if the social enterprise is successful or not and only consider perceptions of location relating to affluence.

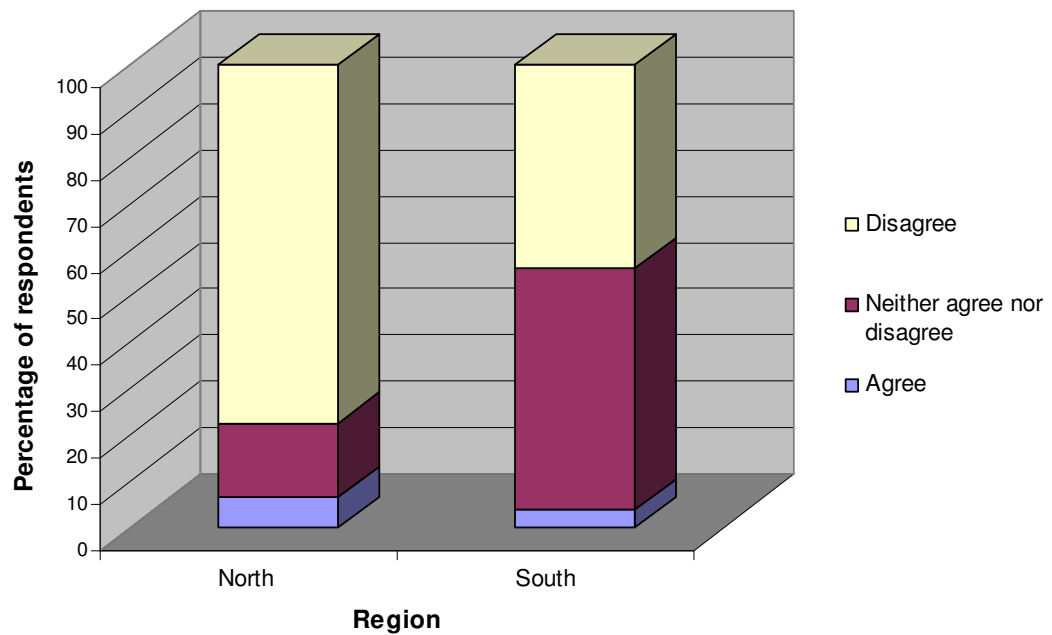


Figure 5.9: Social economy organisations are located in mainly affluent areas: Responses from Northern and Southern regions.

The cross-tabulations were analysed using *chi-square*. The value of χ^2 was found to be significant where $p < 0.05$ ($\chi^2 = 8.17$ $df = 2$). $N = 56$.

The organisation and impact of social enterprise support

This section examines the opinions of regional and sub-regional support and policy bodies about support for social enterprise. This is done in two main ways. Firstly, how respondents perceive support for social enterprise to be organised at regional and sub-regional levels is examined. Understanding how social enterprise support is organised is important as it helps understand how state funded agencies can best target their resources toward developing support networks, which includes improving communication for example. It also gives a general picture of how well support providers feel they are supporting social enterprises. Responses were in the form of a short narrative which were subsequently analysed by coding into several categories. A region-by-region analysis and an analysis by organisation type did not yield

any significant patterns therefore a multi-region analysis is used here as it enabled some comparative assessment to be made (Figure 5.10).

Figure 5.10 reveals two main interrelated issues. The first concerns how the quality of support for social enterprise is perceived to be directly influenced by poor communication between support providers and policy makers. This appears to be more of an issue for respondents in the North, illustrated by 29.1% of respondents compared to 7.5% of respondents in Southern regions, suggesting communication between support providers and policy makers among Northern regions is affecting the quality of support for social enterprise considerably more than in Southern regions.

The second issue considers respondents' perceptions of RDA co-ordination of social enterprise support and development, with 42.5% of respondents from Southern regions considering RDAs to be central to the co-ordination of social enterprise support and development compared to 27.3% of respondents from the Northern regions. Both of these findings suggest an interesting relationship between the respective RDAs, the quality of sub-regional communication within support networks and the quality of social enterprise support. It may also suggest that where an RDA is central to the co-ordination of social enterprise support and development there is more likely to be better communication between support providers and policy makers and higher quality support available for social enterprise. These particular issues are investigated in greater detail in the next two chapters.

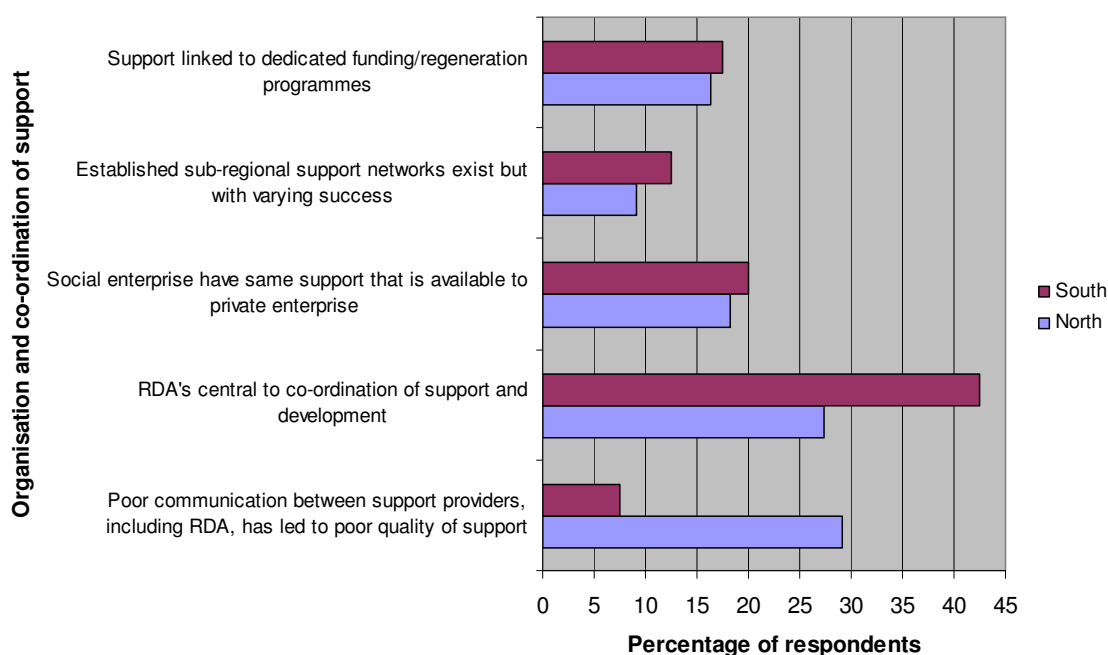


Figure 5.10: How support for social enterprise is organised and co-ordinated at regional and sub-regional levels. Responses from Northern and Southern regions.

The cross-tabulations were analysed using *chi-square*. The value of χ^2 was not found to be significant where $p < 0.05$ ($\chi^2 = 7.31$ $df = 4$). $N=44$.

Attention is now focussed upon areas of support considered key for the development of social enterprise. For this question respondents were requested to list up to a maximum 5 key areas of support they considered key for the development of social enterprise. As there wasn't a pre-defined list respondents could choose from, responses were in the form of a short narrative which required coding into several categories. The data from all regions was analysed on both a multi-region and a region-by-region basis but yielded data of little interest. A government and non-government organisation analysis did not demonstrate anything of major interest either and so is not reported on here.

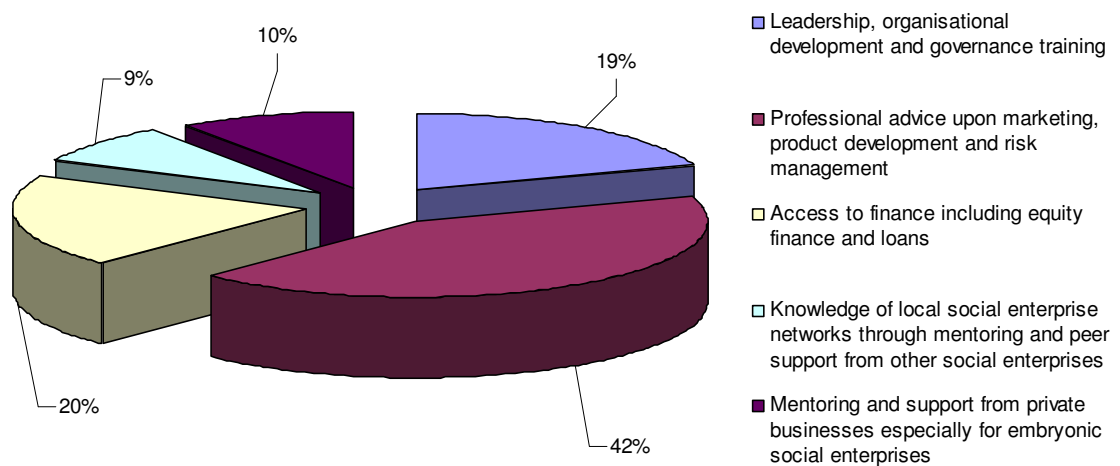


Figure 5.11: In your opinion what are the key areas of support social enterprises require to develop. Responses from all English regions. N=53.

Figure 5.11 illustrates aggregated responses from all English regions and illustrates three interrelated areas of interest. Firstly, 42% of respondents perceive professional advice on marketing, product development and risk management to be a key issue. Access to loan and equity finance, and organisational development such as leadership, also emerge as key areas of support with 20% and 19% of respondents noting them respectively. All three areas appear to be orientated toward specific commercial development and relate to research by the Welsh Assembly (2003) and by Rocket Science (2007) which found that support for social enterprise needs to become increasingly similar to that required by mainstream business over time. Figure 5.12 illustrates how social enterprises may move from basic support to more commercially orientated support.

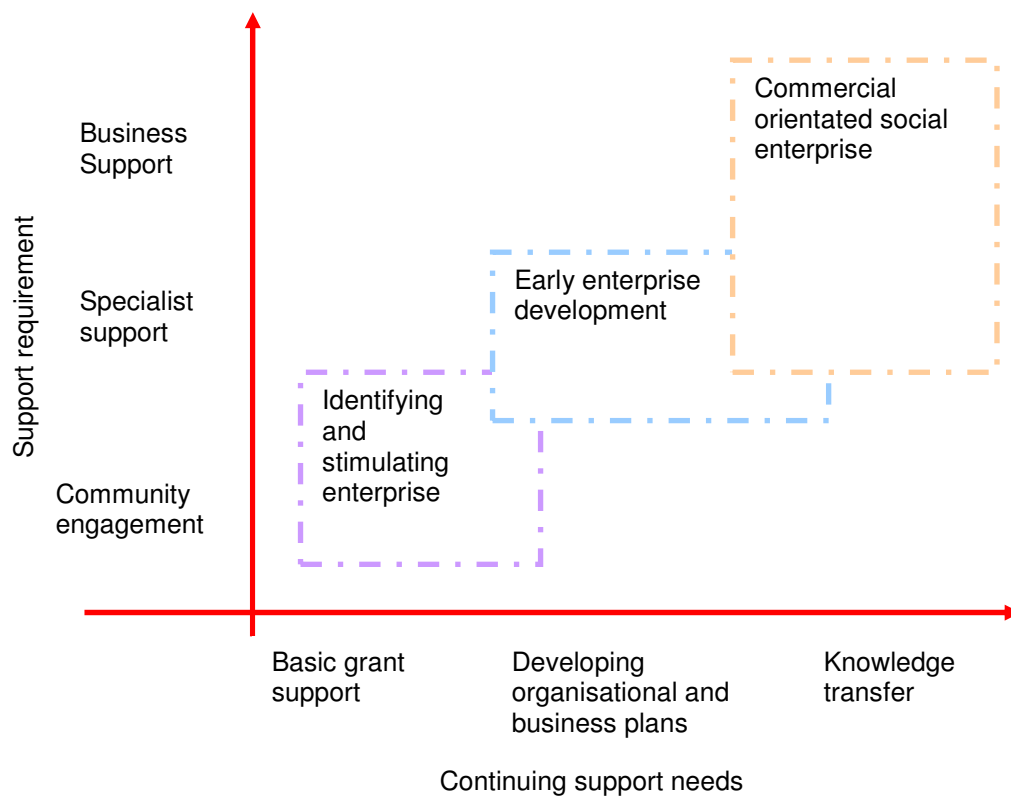


Figure 5.12: The transition from basic support to commercially orientated support. Adapted from Rocket Science (2007, p.14).

Research by Arthur, Keenoy and Scott-Cato (2006) on the increasing importance of mainstream business planning and management in social enterprises found that social goals are often subordinated in favour of business needs. Additionally, research by Seanor, Bull and Ridley-Duff in 2007 into how social enterprises make sense of their location, practice and ethos found a high number of social enterprises that perceive a changing orientation from social to enterprise goals. These findings are illustrated in Figure 5.13. Although the commercial orientation of social enterprise is something that is reflected in current government policy, there are several issues to consider (HM Treasury, 2007). Firstly, the proposed restructuring of the business support agenda throughout the UK may witness the reduction of business support services offered from over 3000 to 100 or less by 2010 (ibid,

2007). This may intensify problems faced by some social enterprises in receiving bespoke support as the ratio of support providers to social enterprises changes. Secondly, as already discussed earlier in this chapter, many social enterprises see the availability of quality support as a key factor determining their location and development.

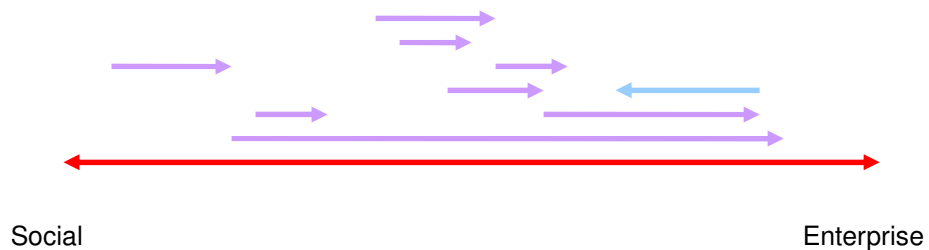


Figure 5.13: Perceived direction of change within social enterprises. Adapted from Seanor, Bull and Ridley-Duff (2007, p13).

Currently, many social enterprises do not access support offered by Business Links, as often as they could do primarily, due to a general lack of understanding by Business Link about the specific needs of social enterprise (ibid, 2007). Any further marginalisation of specialist support may mean many social enterprises may be unwilling to buy into higher quality ‘knowledge’ orientated commercial support (see Figure 5.12). Wider issues about the quality of support available for social enterprise are examined in Chapter 6.

Learning lessons

This section examines the opinions of regional and sub-regional support and policy bodies about measuring the impacts of social enterprise support. Examining what respondents have learned from measuring support helps in understanding how policy makers can link support policy to the needs of social enterprise. Whilst giving an interesting national picture of what lessons have been learned this question does not help adequately examine what constitutes

successful support or how value added elements of social enterprise should be measured. These specific issues are examined in greater detail in Chapter 6. For this question the NSESS requested respondents to briefly describe what lessons they have learned from measuring impacts of social enterprise support. Responses were in the form of a short narrative which required coding into several categories. The findings were analysed on both a multi-region and a region-by-region basis, but yielded no major insights. A government and non-government organisation analysis did not yield any notable insights either.

Respondents consider three key lessons to have come from measuring the impacts of social enterprise support (Figure 5.14). Firstly, 50% of respondents consider the value of partnership working and information sharing to be a key lesson. Secondly, 35% of respondents consider social enterprise to benefit from support which is also available for the private sector. This broadly resonates with research by the DTI in 2002 which considered 80-90% of social enterprise support requirements were similar to other businesses. Research by Hudson (2005a) also stressed the significance of sharing staff from local firms, secondments and acquiring financial donations for example. Finally, 15% of respondents have suggested support for social enterprise needs to be longer term with over 3 years being a preferred time. This indicates that support hitherto, successful or otherwise, has been short-term. This of course directly relates to time-limited regeneration and grant funding which contributes to support being perceived as short-term. Longer-term support for social enterprise may allow alternative methods of monitoring and evaluation. Free from short-term quantitative output monitoring, social

enterprises and support bodies may well be able to measure associated qualitative social outcomes and added value impacts.

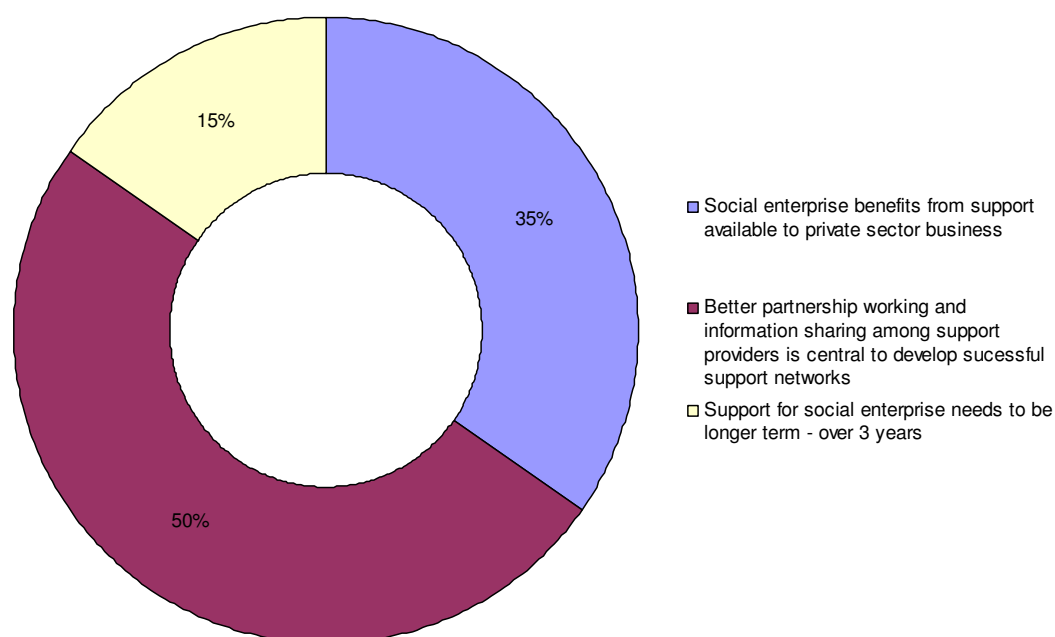


Figure 5.14: If you have measured the impact of support for social enterprise in your region, what lessons have been learned? Responses from all English Regions. N=26.

Conclusion

The purpose of this chapter was to examine responses from the NSESS relating to how respondents from different English regions perceive specific characteristics of social enterprise support, development and location. In conclusion, findings indicate that both Northern and Southern regions consider their respective social economies to be less developed than that of London. The support available for social economy development is the main reason given for this difference.

The findings suggest that there are two key influences regarding social enterprise location, namely the availability of grant funding as an income stream and the availability of quality support. Availability of support for social

enterprise differs across the English regions. Nearly half of all respondents consider the different understandings of social enterprise among policy makers and support providers have led to poor quality of support. Over one-third of all respondents feel availability of grant funding to be a key reason why support differs across English regions, although there is a difference between Northern and Southern responses, suggesting social enterprises in the Northern regions are more dependent on grant funding compared to their Southern counterparts.

Some of the findings relating to the influence of local economies upon the location of social enterprise do seem to contradict one another. Although over one-third of all respondents feel less successful mainstream economies create market opportunities for social enterprise, there are a considerable number who perceive less successful local economies create fewer market opportunities for social enterprise. The ability for social enterprise to learn from mainstream businesses is also considered an important influence for social enterprise location.

There are some interesting issues regarding the types of location that social enterprises are typically found in. Social enterprises in both Northern and Southern regions are more typically located in deprived areas than other types of area. A higher percentage of respondents in the Northern regions compared to Southern regions noted concentrations of social enterprises in rural areas and inner city/industrial areas. Over 75% of all respondents feel social enterprises are typically located in one of these three locations. In addition, respondents from both Northern and Southern regions perceive

social enterprises to be mainly located in non-affluent areas, although there is a difference between Northern and Southern responses suggesting social enterprises in the North are slightly more likely to be located in non-affluent areas than in the South.

The findings suggest that the quality of social enterprise support is directly related to the quality of communication between support providers and policy makers. This also links to how respondents consider different understandings of the social enterprise sector can lead to poor quality support (see Figure 5.4). The findings also suggest that over one-third of all respondents consider RDAs to be central to the co-ordination and support of social enterprise development, although there is a difference between Northern and Southern responses which suggests that RDAs in the South have a greater role in co-ordinating social enterprise support than their Northern counterparts.

Respondents perceive three interrelated areas of support which social enterprises require to develop, all of which are associated with business elements of social enterprise, such as risk management, marketing, product development and the mentoring of private sector businesses. Some respondents have attempted to measure the impact of support for social enterprise. Those that have measured support in their region have suggested three key areas which may assist the development of social enterprise support. Firstly, respondents suggested social enterprise can in fact benefit from the same types of support that are available to private sector businesses. The ability for social enterprise to learn from mainstream businesses is also considered an important influence upon social enterprise location. Secondly,

respondents suggested that better information sharing between providers of support through better partnership working can lead to improved support for social enterprise and finally, respondents suggested social enterprise support needs to be longer term than it is currently.

The next chapter analyses face-to-face semi-structured interviews of policy makers and providers of support and examines themes relating to the construction of support policy and information sharing between support providers and policy makers.

Chapter 6

Interview analysis one: measuring policy success and transferring knowledge

Introduction

The purpose of this chapter is to explore the responses to the qualitative survey of regional and sub-regional support providers and policy makers. It examines perceptions of the relative success of social enterprise support policy and how policy makers and support providers learn from each other through the transfer of support policy knowledge. The research interviews comprised 15 face-to-face semi-structured interviews undertaken between October and December 2007, seven of which were undertaken in the North West region and eight in Yorkshire and Humber region. The interviews were analysed through a long-hand filtering system which comprised formalising the interview transcript into key categories in line with key themes within the interview topic guide. Each category was subject to axial coding providing greater detail about certain themes and re-occurring topics. For more detail upon the chosen methodology see Chapter 2. Evidence is summarised here with selected representative or on occasion unusual or typical comments quoted verbatim.

The interview questions covered two main topics, covering success, knowledge and policy construction, and social enterprise support and development. The chapter is separated into two distinct sections examining how social enterprise support success is measured and how support bodies and policy makers learn from each other. The next chapter will examine how support institutions can improve the support they offer and how their relationship with RDAs has changed. It will also examine the changing nature of the social enterprise sector.

Whilst the NSESS did not directly ask questions related to the success of social enterprise support, how it is measured and constructed, some of the NSESS responses did raise several interesting issues which have provided scope for deeper examination using qualitative interviews. Firstly, quality of support available for social enterprise was considered to be an influence upon where social enterprises locate. Attention now focuses upon how support providers and policy makers identify quality support. Secondly, there was an issue over the short-term nature of support available for social enterprise and how this is linked to a grant dependency paradox. There are wider issues to consider here, most notable of which is the mainly quantitative output orientated monitoring and evaluation associated with time-limited grant funding. Further examination of this issue is central to understanding how the relative success of social enterprise support is measured by support agencies.

Overview of the social enterprise sectors in the case study regions

Before analysing the interview responses it is important that both of the case study areas are subject to a contextual examination, detailing a broad overview of respective social enterprise sectors, current policy frameworks and funding arrangements. This is not meant to be a mapping exercise but is meant to give a broad regional and sub-regional picture of both of the respective social enterprise sectors and funding and support, which hitherto have been reworked by successive government programmes and interventions, such as those administered through the Capacitybuilders organisation. More detailed methodological considerations about the case study interviews and the chosen areas are available in Chapter two.

Both of the chosen case study regions exhibit a number of differences and similarities surrounding economic and social restructuring, in both urban and rural areas at the same time as having strong regional identities (While, 2000, Yorkshire Forward, 2003, Leeds City Council, 2004a, Manchester City Council 2008). Additionally, as discussed in Chapter four, many policy support organisations operate across various scales and have ultimately resulted in social enterprise support policy differing geographically both across and within the English regions. This has meant that the development of social enterprise support policy and the social enterprise sectors themselves have developed organically in each case study region, resulting in some differences in how support for social enterprise is organised and funded (Capacitybuilders, 2008).

As a result, a great deal of recent nationally led research has sought to redress geographical imbalance by observing common elements which can be used at regional levels to address geographical variance in both support coverage and social enterprise development. Common elements may be key sector indicators such as, numbers of social enterprises, numbers of full time or part time workers or turnover for example. More specifically, government commissioned research has had a tendency to focus upon funding arrangements and the capacity of regional and sub-regional support networks, which it is hoped will help provide a more localised picture to set priorities against (Small Business Service, 2005, Fraser, 2007, Capacitybuilders, 2008, 2009). The issue that is raised here is the degree to which local priorities can be set against nationally commissioned and resourced research and links, at least in part, with some discussion in chapter four about nationally catalysed 'think-tank' policy research and the growth of nationally recognised trade

bodies. Some of the nationally resourced surveys and mapping projects, such as the Small Business Survey and Household Survey of Entrepreneurship for the Department for Business Enterprise and Regulatory Reform and various feasibility and mapping surveys for the Office of the Third Sector (see Cabinet Office, 2009), paint an interesting picture of the social enterprise sectors both in the North West and Yorkshire and the Humber. Some of the key findings, including some of the common priority indicators are shown in Table 6.1.

	Themes	North West	Yorkshire and Humber	UK
Deprivation	Top 20% most deprived	45%	40%	29%
Urbanity	Urban	95%	90%	89%
	Rural	5%	10%	11%
Turnover	Under £100000	20%	28%	23%
	Over £1 million	22%	9%	19%
Size profile	Large	2%	0	2%
	Micro	42%	52%	49%
Charitable Status	Registered with Charity commission	52%	74%	64%
	Not registered	48%	26%	36%
Full time employees		72%	62%	62%
Proportion of workforce volunteers		25%	45%	40%

Table 6.1: Regional difference and diversity in the social enterprise sector. A focus upon Yorkshire and Humber and the North West. Adapted from Small Business Service (2005, pp.71-75).

Table 6.1 highlights some key areas of interest. In the context of the interviews and the wider objectives of this thesis, the themes about turnover, size and status, including employee statistics deserve particular attention. This is because they relate more directly to the architecture and availability of funding and support in each case study region, although this is discussed in a little more detail in the next section. At a more fundamental level, the findings enable us to draw general conclusions about the state of the respective social enterprise sectors. Firstly, there is a difference in the size of the respective

social enterprise sectors, at least in terms of number of organisations. According to research by Togetherworks (2007) and Business Link Northwest (2009), there are approximately 200000 people working in about 1500 social enterprises in the North West region. In Yorkshire and the Humber region there are approximately 2200 social enterprises employing around 90000 people, which means there are differences in the average numbers of people employed by social enterprises in both regions (West Yorkshire Social Enterprise Link, date unknown). These findings are perhaps partly borne out by the difference in both the size and turnover profiles of social enterprise in the North West which appear to be larger than those found in Yorkshire and the Humber. This links, at least in part, to the bifurcation of the social enterprise sector discussed in earlier chapters and by Mertens (1999), Fyfe (2005) and Jenkins (2005). It may also link to historical differences in the availability of grant funding and the promotion of commercial loan finance in the respective case study regions. This is discussed in more detail in the next section.

Research by Fraser (2007) for the Office of the Third Sector in the Cabinet Office found that there are differences between the two case study regions in relation to both the numbers of social enterprises and mainstream first sector businesses. The research found that the Yorkshire and Humber region has a particularly low share of social enterprises, at 4% of the national total, compared to a 7.5% share of the total of mainstream businesses found nationally. There are only two English regions with lower percentages of social enterprise. In contrast the North West region was found to have a national share of just over 10% of social enterprises with only three English regions

having higher percentages. The North West region also has nearly 8% of the national share of mainstream businesses. Although this is fairly similar to the figure found for Yorkshire and the Humber, the number of social enterprises as a national share is over 6% higher in the North West contradicting locally produced research into the respective social enterprise sectors, which suggested there are more social enterprises in Yorkshire and the Humber than in the North West. This raises a number of significant issues. Firstly, there is a question over the reliability of both nationally or locally resourced research. This could be because of differences in what researchers classify as social enterprise or differences in sampling and research techniques for example. This could stem from independent or local research biasing set criteria to perhaps meet funding arrangements.

Overview of finance and support arrangements in the case study regions

Although this section does not examine directly the different funding mixes of individual social enterprises, it does examine some broad issues regarding the turnover and size profiles of social enterprises in both case study regions. Despite continued and ongoing efforts by central government to reduce the amount of grant available for social enterprise development and to encourage and increase the availability of commercial loan finance, the levels of grant uptake by social enterprises in Yorkshire and the Humber are just over 11% higher than those in London. Interestingly in the North West region, social enterprises use 13.4% more grant funding as part of their funding mix compared to those in London, which is over 2% more than their Yorkshire and Humber counterparts (Fraser, 2007). This is important as it raises questions about the perceived need for social enterprises to receive specialist business

orientated support to develop their commercial interests. Fraser (2007) suggests issues remain over how a decrease in grant availability or take-up equates to an increase in the number of social enterprises or an increase in the size and commercial power of individual enterprises. Interestingly in this case evidence suggests although there is a higher percentage of grant income for social enterprises in the North West, there are also greater percentages of social enterprises that are larger and with higher incomes.

Although support for social enterprise development is actively devolved to the sub-regions in Yorkshire and the Humber region, (see Table 4.4) there is evidence pointing to some form of regional planning and co-ordination of funding and support (YHRF, 2004, Rocket Science, 2007). The Yorkshire and Humber Strategic Investment Plan 2004-2014, attempts to co-ordinate the active sub-regional frameworks from West Yorkshire, Humber and South Yorkshire, for example linking strategic goals to funding opportunity. Interestingly, this is not produced by the RDA but by the Yorkshire and Humber Regional Forum which ultimately seeks to develop the voluntary and community sector in Yorkshire and the Humber. This appears to be in line with findings by Rocket Science (2007) which raised questions about the political, social and economic weighting given to social enterprise development by Yorkshire Forward. This is compounded by the continued marginalisation of business support for both mainstream and social businesses across the region. At the same time however, a review of the corporate plan suggests funding and support for social enterprise is to be increasingly channelled through the community and voluntary sector albeit there is little mention about

the capacity or indeed willingness of the sector to undertake this role (Rocket Science, 2007, Yorkshire Forward, 2008).

Support and funding arrangements for social enterprise is arguably more devolved in the North West region, with five sub-regional partnerships developing action plans detailing locally weighted priorities. These plans link directly to the social enterprise support strategy co-ordinated by the Northwest RDA. In this sense, the RDA arguably has a co-ordinating and facilitating role allowing the regions and sub-regions to develop their own priorities, however their desire through the regional economic strategy to increase mainstream business productivity and growth may raise issues over the capacity of the sector to respond and may in fact work against some of their locally orientated development priorities (Northwest RDA, 2006, Rocket Science, 2007).

What is interesting here is how both case study regions have broadly devolved the development of the sector and increasingly support, to the sub-regions, and in particular smaller community or enterprising organisations. This is at least in part down to the bifurcation of the sector and the growth of smaller bespoke support bodies as delivery agents and the marginalisation of mainstream support organisations. This has effectively created a two-tier support system, one being through the modernised Business Link programme and the other through local networks or delivery partnerships. This was discussed in the latter parts of chapter four (see also Figure 4.6). Indeed this is also one of the key eight themes of funding for to develop the wider third sector (Capacitybuilders, 2009). Although developing social enterprises is one of eight key themes promoted by Capacitybuilders, there is an additional fund

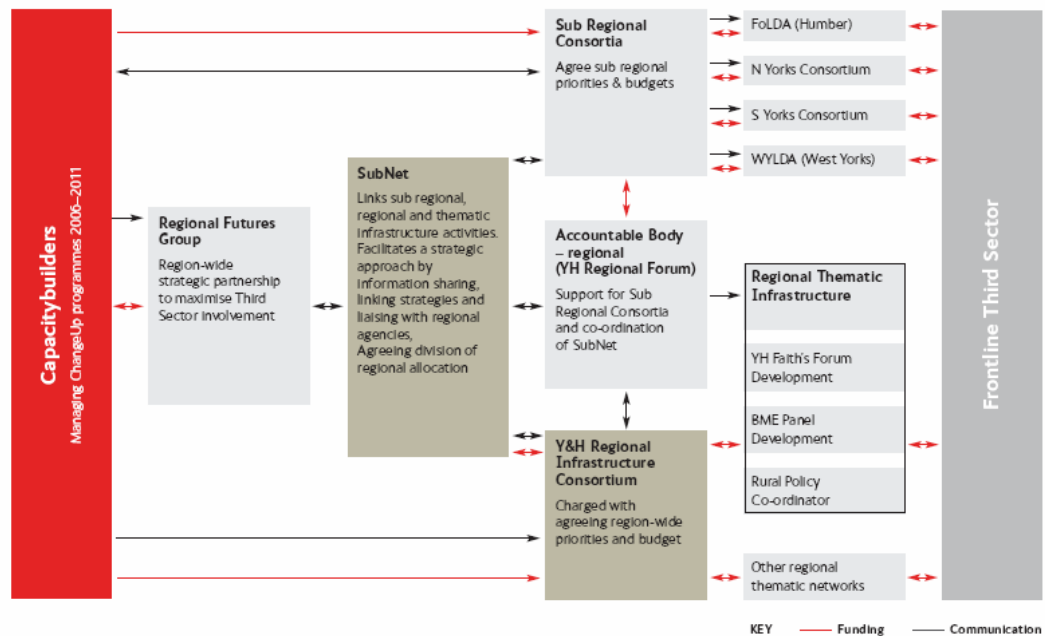
of £30 million specifically for developing and encouraging networks of support, of which the social enterprise sector could benefit. The theme entitled 'strategic change in local and regional support', although appearing important for social enterprise at least on the surface, actually offers very little in the way of policy support or other specific documentation, raising questions about how important social enterprise is in the wider third sector prospectus to develop regional coordination and national knowledge management (Capacitybuilders 2008).

This is backed up by two interesting pieces of evidence. Firstly, there is very little notification of social enterprises in consortia or regional structure documentation³. What notification there is, more often than not, has a particularly low weighting. For example, West Yorkshire Local Development Agencies (WYLDA) is one of four sub-regional networks in Yorkshire and Humber, who aim to link local third sector funding priorities to regional decision makers. Supporting social enterprise comes an equal 20th out of 20 in its list of priorities. Secondly, the regional structure for Yorkshire and the Humber (see Figure 6.1) is not only complicated to understand but suggests there are multiple agencies working within sub-regional and regional scales trying to obtain the same goal. There is also an evident lack of clear links to mainstream business support or specific support from Yorkshire Forward. The structure for the North West does appear to be clearer, insofar as the links to both mainstream and localised network support is evident through the five regional partnerships which prioritise social enterprise support goals. These partnerships also have direct links to the Northwest RDA suggesting clearer

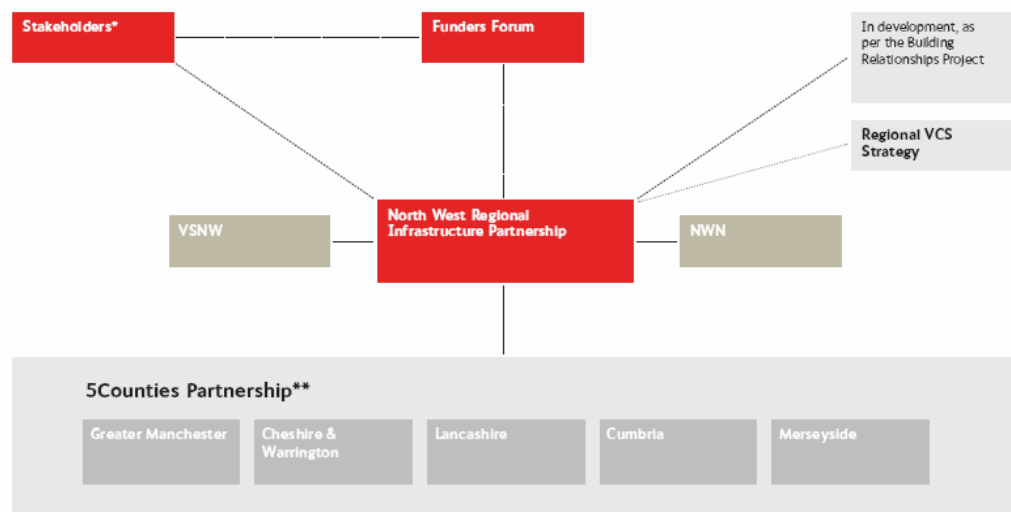
³ A consortia in this sense is what Capacitybuilders refer to as a 'local network'

routes for both social enterprises trying to obtain capacity building support or support organisations trying to obtain grant funding or commercial finance.

Regional Structure: Yorkshire & Humber



Regional Structure: North West



* Stakeholders: GONW, NWDA (RES), Capacitybuilders, BLF ...

** 5Counties Partnership: The 5 Sub-regional accountable bodies, each representing an Infrastructure Consortium.

Figure 6.1: Regional structures for the administration of Capacitybuilders funding to sub-regional support network consortia (Capacitybuilders, 2009).

Measuring the success of social enterprise support

The interviews revealed widespread agreement that measuring success of social enterprise support is difficult, with providers unable to indicate with any certainty whether the support they provide is successful or not. There appear to be several interrelated issues that led interviewees to suggest this. Foremost, interviewees found it difficult to suggest what constituted 'success' in successful support. The majority of responses from both regions suggested that for them success might usefully be measured by way of meeting contractual targets and obligations. Other responses suggested the relative success of social enterprise, such as increased turn over or increase in demand for specialist support as a good proxy for success whilst others felt success might somehow be benchmarked against the instinct of individual advisors.

The way in which many interviewees considered meeting contractual obligations as a measure of success raised a wider set of questions. Despite the fact that many interviewees typically considered the measuring of successful support to be difficult, others found reporting of contractual requirements such as measuring quantitative outputs for example, relatively easy to do. For the majority of interviewees successful social enterprise support is based upon the collection and reporting of mainly quantitative outputs which do not necessarily consider wider societal impacts. In this sense the measurement of support success is defined in mainly contractual terms and is relatively easy to undertake, as one typical response suggested:

"...the indicators which would provide [success] information are... delivery outputs so it would be like for example the number of social enterprise start-ups, any new jobs that are created... increased

sales, sales safeguard, that type of thing" (Interview NW#4, sub-regional support provider, December 2007).

This type of evaluation, according to Haughton and Allmendinger (2008) has hitherto been adequate, however now fails to capture real achievements on the ground as the often simplistic systems used for monitoring hard outputs do not readily account for the evaluation of CED and wider societal impacts. However, there was little evidence from interviews to indicate any research had been undertaken to uncover whether or not quantitative output measurement is in fact a good proxy to gauge successful social enterprise support. Some interviewees conceded that some outputs may in fact have occurred without support intervention, raising a fundamental question of whether effective social enterprise support can create successful social enterprise? In this sense providers of social enterprise support could in reality provide advice about business planning or governance structures and then claim them as quantifiable outputs thus meeting their contractual obligations, which at least in hard contractual terms could be considered successful support. This type of success could have little bearing upon the relative success of the social enterprise itself, however. Indeed, the measurement of quantitative outputs appears to pay little attention to the wider outcomes of support, namely the success of the social enterprise in achieving its social goals.

The majority of interviewees conceded that although support obligations could indeed be met by support providers, and thus be deemed successful, there is no guarantee that this translates into a successful social enterprise. However, as one sub-regional support provider explained, successful support should

always be about the success of the social enterprise and not about contractual targets:

“So it’s all about the success of the enterprise – not about outputs. [Social enterprise support] is not a success unless the enterprise is a success... and that’s a problem with the output monitor, the number cruncher” (Interview NW#3, sub-regional support provider, December 2007).

The reference to quantitative output evaluation as a measurement of relative successful social enterprise support was a common narrative from both regions. There was little evidence from interviews that indicated qualitative outcome measurement was common practice, although the need to gauge success through qualitative measurement is widely recognised as required. This again raises the question of what exactly constitutes successful social enterprise support, as support is not always necessarily measured in a way which accurately neither gauges societal impacts nor accounts for the softer outcomes of CED or social businesses.

Historically social enterprise goals and objectives are difficult to measure principally because they relate to qualitative or soft outcomes such as improving quality of life for example. Despite recognition of a need to increase qualitative measurements towards broader outcome based indicators, many organisations and indeed policy makers struggle to alter the way they measure project and policy impacts. There does not seem to be an issue of whether or not social enterprises are attempting to achieve worthwhile goals, but there does seem to be an issue whether or not they are achieving them, noted in one typical response:

“... if we support X social enterprise they employ four people so we claim the four people who were never employed before,...but then they do deliver a wider impact and we’re making no measurement of that wider impact...” (Interview NW#1, regional support provider, November 2007).

This issue led some interviewees to comment that there is little hard evidence to suggest support is working. It would perhaps be more accurate to say there is evidence but it is not currently being gathered, either for contractual reasons, or due to difficulties or misunderstandings relating to the collection of added value elements. It was also suggested by some interviewees that measuring qualitative outcomes is a long process. This seems to be in line with many CED and social enterprise policy debates which generally recognises a need for longer term assessment, not least because many impacts of say for example, CED projects, take many years to accumulate (Boland, 2000, Lyon et al, 2002, Butcher and Marsden, 2004, Hart and Haughton, 2007, Haughton and Allmendinger, 2008). This seems to be contrary to the majority of current quantitative measurements which many interviewees suggest are linked to political pressures to create quick-win policy.

Generally speaking, the collection and reporting of quantitative evidence is considered to be mainly a formal contractual procedure by support providers, though a majority of interviewees suggested many informal procedures are in fact also used. For some interviewees many support procedures and activities are actually relatively small, perhaps building a diagnostic tool or fostering a one-to-one relationship for example, which would normally fall outside quantitative measurements. Many interviewees from both regions considered

one of the best ways to gauge support qualitatively was through informal means, outside of formally scheduled meetings or after normal office hours for example. The fostering of informal relationships between support providers was found to be a crucial element of the informal measurement process. This is despite the fact that some interviewees reported a lack of comparative benchmarking with other support providers coupled with a generally poor level of communication, which ultimately resulted in the measuring of success being often limited to dialogue between support provider and social enterprise rather than exclusively between support providers themselves. This is explored in greater detail in the next section.

Similarly, interviewees noted a general lack of formal qualitative assessment in measuring social enterprise support success. Informal mechanisms tended to occur through informal dialogue outside what could be considered contractual communication. In this sense the relative success of social enterprise support is measured at least in part, through informal means, albeit there was a general absence of evidence suggesting how informal feedback and communication is utilised. Interestingly, many interviewees did comment that informal communication of either qualitative or quantitative components of support tends to lead to formal elements through internal reporting processes. One regional support provider noted:

“You pick up on a vibe about whether something’s successful or not and very... often when you hear about programmes that are working well and the clients are getting something out of the outputs if you like, the formal side of it always fall out of that”
(Interview YH#1, Regional support provider, October 2007).

Evidence from some interviews indicated that informal communication between social enterprise and support bodies can help make a tangible connection between various support interventions and their impacts over time. Interviewees suggested that an ongoing relationship between a support provider and social enterprise may in fact help quantify more aspirational needs, although there was little evidence to suggest how this could be done other than recognition of the importance of gauging vibe, mood and feeling. The importance of building relationships is investigated in the next chapter.

Knowledge and policy learning

How policy makers and support providers measure success has raised the question of how support providers know what constitutes success and how they link formal learning mechanisms such as conferences and seminars with informal communication. The question that is naturally raised here is how providers of support learn from each other and how they use transferred knowledge to inform and improve their support policy. This section examines the transfer of knowledge and the sharing of information between support organisations and the importance of relationships in the policy learning process.

Evidence gathered from the interviews suggests formal mechanisms such as conferences, seminars, forums and other formally organised media, such as websites or training events are the preferred modes of communication. However, many interviewees from both regions were keen to stress the importance of informal learning at formal events through networking, and one-to-one discussion which takes place post-event. Interviewees considered the

opportunity to engage in informal dialogue, or to obtain useful networking contacts, to be a key reason for attending formal meetings and that they can typically share a great deal more in terms of network contacts and gauging what works from informal networking with other providers of support. Interestingly, some interviewees felt that informal networking renders some attendees uncomfortable as it is a practice more normally associated with private business, something that many social enterprise employees want to disassociate themselves from.

What lessons are usable?

Although there is a great deal of evidence typically highlighting the importance of informal methods for the sharing of information between support bodies, there was a noticeable absence of evidence to suggest policy makers or support providers are able to decide which forms of knowledge and which lessons are transferable and usable in a policy context. Whilst policy makers and support providers share information, including some specialist knowledge, they essentially do not know what works in relation to different locality or organisational needs or specific network or individual advisor capabilities. Several interviewees from both regions suggested one main reason for this, namely a lack of transferable best practice paradigms, not that there is a lack of research attempting to identify them, more they are limited in supply. In this sense there is no one best way for policy makers and support providers to learn from one other. For example, many interviewees noted how support advisors may attempt to benchmark the experience of others against their own and disseminate information based upon gut feelings, which is in fact similar to how many support providers gauge success. Many support providers and

policy makers shared this sentiment describing both formal and informal knowledge sharing environments not as learning spaces but rather as spaces for birthing and developing relationships.

This relates to work by Dixon (2000) which suggests organisations more often than not do not know what 'type' of knowledge they are sharing and therefore do not know exactly *what* they are sharing. Although not clearly knowing what types of knowledge they share, support providers and policy makers do in fact share both tacit and some explicit knowledge, albeit in different ways, which is often described as organic in nature with knowledge sharing based upon luck and 'gut' feeling. This appears to be in line with the experiences of many interviewees when they attempt to benchmark the experience of others against their own which often leads to the sharing of either explicit or tacit knowledge (Dixon, 2000, Pharoah, Scott and Fisher, 2004). Furthermore, the way support providers and policy makers share tacit and explicit knowledge is also important in the development of local networks of association and the generation of social capital.

The way interviewees have described how they attempt to share knowledge can in fact be conceptualised, in a similar way to understanding how the development of social capital often needs state intervention to act as a catalyst for CED activity (Figure 6.2, see also Table 3.5 in Chapter 3). As Pharoah, Scott and Fisher (2004) suggest, managers, including policy makers, tend to focus upon a need to generate and share explicit knowledge. This partly explains a lack of transferable paradigms or best practice success stories as this type of knowledge tends to be technical and non-routine which

may generate ambiguity about how to utilise knowledge and measure its impact. It also partly explains why there maybe conflict generated by state involvement in the development of social capital as the ‘technical’ state intrudes upon local networks.

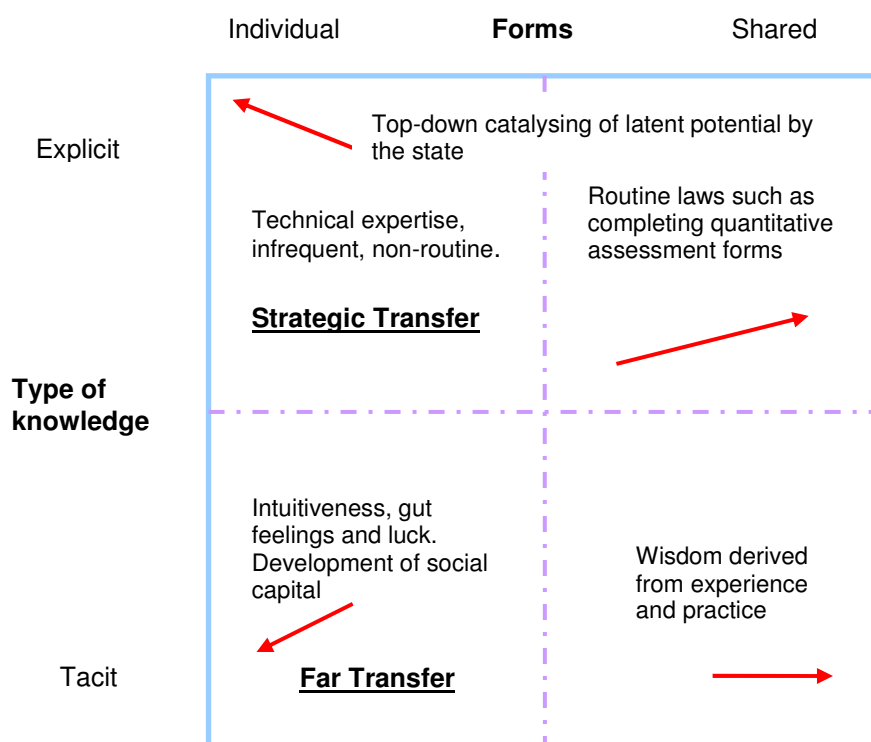


Figure 6.2: Conceptualising types of knowledge transfer within social enterprise support organisations. Adapted from Pharoah Scott and Fisher (2004) and Dixon (2000)

Baumard (2001, in Pharoah, Scott and Fisher, 2004) however suggests greater attention needs to be paid to less formalised or tacit knowledge for understanding how social economy support organisations share knowledge and learn from one another. The roles of individuals working either in policy fields or direct advisory support appears to be central to developing relationships and the knowledge sharing process. However responses did vary, some suggesting that knowledge transfer is directly related to an individual's natural curiosity to learn, others suggesting there is no process allowing individuals to meaningfully decide what lessons to take from formal

and informal meetings. In this sense knowing what works and what doesn't is attributed at least in part to luck, especially knowing what works for specific enterprises. According to Leicester (2007) it is also about how individuals within support organisations engage within reflective policy learning cycles, whereby learning what knowledge to share, and who to share it with can become an iterative process (see Figure 3.4).

There are two points to consider here. First, as discussed in Chapter 3, individuals involved in the policy learning process and those which typically display commitment are more likely to have a positive effect on policy learning (Chapman, 2002, Leicester, 2007). Second, how organisations respond to different forms of knowledge raises two wider issues. One is that larger support organisations and corporatist social enterprises which are more inclined to share explicit knowledge tend to initiate the use of more informal approaches in search of tacit knowledge. The other is that smaller bespoke support organisations and smaller activist social enterprises which generally typically share tacit forms of knowledge generally increase their formal procedures and explicit knowledge for completing funding applications, completing quantitative monitoring or any general enquiry with a larger organisations (Baumard, 2001).

Many interviewees consider providing support to social enterprise to be as much about connecting social enterprises to other social enterprises, so they can learn organically, as it is about providing advice upon business planning or organisational development. One typical interviewee suggested:

"We're not there to make decisions for them... our role is devil's advocate, we'll say 'What about this?' and 'Have you thought about

this?’ and ‘What would be the impact of that?’ I think we challenge, I think we add value...” (Interview YH#4, November 2007).

There was also a noticeable issue in Yorkshire and Humber surrounding quality of knowledge and information at both formal and informal meetings. This mainly highlighted a lack of so-called higher level knowledge transfer amongst support provider and policy makers perhaps suggesting deeper issues regarding advisor knowledge levels.

Interestingly, evidence is mixed from both regions relating to how much support bodies and policy makers learn from social enterprises themselves. Responses varied with some indicating they learn “...*much more [from] social enterprises than [they] do off the support organisations...*” (Interview NW#3, Sub-regional support provider, December 2007). These types of responses tended to credit social enterprises with explicit knowledge upon their specific needs for development which has led some support providers and policy makers to take up a brokerage approach to learning. Other responses suggested that many types of social enterprise had found open and collaborative learning and knowledge sharing difficult to pursue. This is primarily because many providers of support are also providers of funding to social enterprise. This has ultimately resulted in communication between social enterprises and support bodies, particularly RDAs, becoming less formal in nature as social enterprises find communicating anything other than success difficult. As one policy maker commented “... *[social enterprises]... don’t talk to policy makers/funders I’ve learnt to take things with a pinch of salt*”. (Interview YH#1, Regional support provider, October 2007).

The difficulties faced by support providers and policy makers in gauging what works and what to accept as usable knowledge has meant policy learning processes have become erratic in both regions. The danger of not knowing what works at least in policy terms may lead to what has been described as 'fad following' where policy makers in their respective regions, with an absence of ideas generated from local project or policy evaluation attempt to transfer ideas from one region to another in the hope of catalysing local change (Jacobs and Barnett, 2000, Haughton and Naylor, 2008). This inevitably places a great deal of pressure and indeed expectation upon policy makers within specific localities and regions to innovate and participate in often new policy programmes perhaps without one, a proper understanding of what is expected and two, a distinct lack of time to digest and findings from previous policy evaluation, if indeed there is any. This seems to be in line with fast-policy regimes discussed in Chapter 3. It also seems inherently difficult for local social enterprises to learn and adapt when they continually see policy makers and support organisations undertaking one dimensional or linear evaluation which do not give digestible policy lessons (Haughton and Allmendinger, 2008).

There was a general agreement that policy learning needed to become more holistic or cyclical than it is presently, involving both independent or external evaluation of policy and the collection of best practice case studies. This seems to be despite the fact that many interviewees felt the different needs of many social enterprises makes it inherently difficult to learn and create transferable success stories. Interestingly, there was a lack of evidence suggesting suitable mechanisms to put these ideas into practice. Additionally

a noticeable response from interviewees in both regions suggested findings from support policy evaluation were not always filtered above to regional strategic policy makers or below to grassroots organisations creating a policy communication vacuum, perhaps due in part to the informal nature of some reporting and communication.

Learning from government policy documents

On the whole, interviewees felt as if they had not got gained a great deal from government guidance and policy documents. Many interviewees filter or tailor information from government documents relating to social enterprise support before they pass on information to social enterprises. There is little evidence indicating support providers know what information to tailor with most suggesting they pass on what they thought was best for the social enterprise without any additional research. Other responses suggested that government policy documents are reactive, only detailing snap shots of progress containing little new support information. What there is of additional information is often considered basic with many support providers wanting more complex or specialist support knowledge upon governance structures, marketing or risk management for example. Despite this, a small number of interviewees did feel as if they had gained from government support policy documents, especially if they had a direct input in helping creating it. One sub-regional support provider notes:

“With a... more cynical hat on it’s more the shape of things to come than the shape that things soon will be... Generally they give you good data to feed into business plans or to take into meetings...”
(Interview YH#3, Sub-regional support provider, October 2007).

Conclusion

This chapter provided a broad overview of respective social enterprise sectors, current policy frameworks and funding arrangements in both case study regions. Both regions appear to have sub-regionally devolved social enterprises structures and support co-ordination. There are however differences in both national and locally resources research detailing size, turnover, and national share of social enterprises. These differences may cause problems identifying local social enterprise needs and funding priorities at sub-regional and regional levels. This chapter has also uncovered differences in the usage of grant funding and commercial loan finance between the two case study regions. There also appear to be some important issues regarding the development of wider third sector capacity, though the Capacitybuilders programme, and the development of support for the social enterprise sector (see figure 6.1).

This chapter has examined how the relative success of social enterprise support policy is measured and how policy makers and support providers learn from each other through the transfer of support policy knowledge. Evidence from the interviews clearly indicated that measuring the success of social enterprise support is difficult to do and that support providers could not indicate with any certainty whether the support they provide is successful or not. This tended to be because providers of support and policy makers currently do not measure added value or qualitative elements impacts of support despite a large recognition of a need to do so. There is currently an over-reliance upon the collection of quantifiable outputs which inhibits

communication between social enterprises and funders and contributes to a process of quick-win policy which discourages the collection of outcomes.

There is a culture of informal communication between support providers, policy makers and social enterprises, to determine what works in terms of support intervention and policy and what information and knowledge to transfer. Much of this is unsuccessful, however, as formal learning events such as seminars and workshops often become nothing more than information sharing sessions and talking-shops.

Much of the informal dialogue is formalised into reports through a discursive filtering process based upon gut feelings and sometimes luck, indicating support providers and policy makers do not know with any certainty what knowledge to share with other providers or social enterprises. In this sense there is no one single best way to learn from each other, with many interviewees considering learning should be the responsibility of the social enterprise to digest information and filter irrelevancies to aid their own development. Interviewees suggested this has created a policy learning vacuum where important support policy information is lost because of poor network communication and a lack of external independent policy evaluation. Uncertainty over knowing what works in a support policy context also suggests why support providers and policy makers have mixed feelings over the usefulness of dedicated government policy documents. The next chapter will examine how support institutions can improve the support they offer and how their relationship with RDAs has changed. It will also examine the changing social enterprise sector.

Chapter 7

Interview analysis two: the changing nature of social enterprise support

Introduction

This chapter explores the changing nature of both support institutions and social enterprises over recent years and examines the role of RDAs and other support bodies in improving support arrangements. The chapter includes an examination of how support bodies influence RDAs in their efforts to foster quality support for social enterprise.

Chapter 6 suggested the importance of knowing what constitutes success, what may be learned from both formal and informal learning environments and the role of relationships in developing support arrangements. This chapter builds a deeper understanding of these issues. The chapter is separated into several sections examining the professionalisation of the support sector, how knowledge is exchanged between the support and private sectors, the polarisation of the social enterprise sector and how trust and relationships are fostered by RDAs. The chapter concludes by considering how regional and sub-regional support may be improved.

The professionalisation of the social enterprise support sector

The interviews in both regions indicated that support for social enterprise has become increasingly aligned with what may be described as mainstream business support. This type of support tends to exhibit a bias toward a need to generate income and profit to sustain business or conventional trading, consequently subordinating the social or moral goals of social enterprises. This appears to mirror research by both Arthur, Keenoy and Scott-Cato (2006) that found social enterprise social goals are often subordinated in favour of business needs, with Seanor, Bull and Ridley-Duff (2007) also suggesting that

social enterprise practitioners are perceiving a change in direction within the sector towards the needs of business (see Figure 5.12 and Figure 5.13).

The increase in this type of support, especially over the past five years, has been typically referred to as the 'professionalisation' or formalisation of the support sector by both providers of support and policy makers, in part because of the way forms of knowledge and specific skills are being increasingly transferred from professionals working in the private sector. One typical interviewee indicates how the focus of social enterprise support has shifted toward the needs of business:

"... I say the advisors weighting was more towards business speak, enterprising speak. Five years ago... clients were very much socially focused and the tension between social and enterprise... was very much more towards social... We have conversations with clients now about margin and cash flow and selling that we wouldn't have had five years ago and so it's a different mindset" (Interview YH#4, sub-regional support provider, November 2007).

The increased professionalisation of the support sector appears to have a number of significant inputs. Firstly, there seems to be a link between increasingly business orientated support and increased collection and reporting of mainly quantitative outputs. As highlighted in Chapter 6, for the majority of interviewees successful social enterprise support is currently based upon the collection and reporting of mainly quantitative outputs. In this sense the measurement of support success is defined mainly in contractual or in this case economic terms, as one typical interviewee noted:

"...the most important thing for a social enterprise advisor is understanding business... understanding profit... understanding trading, it's understanding sales and marketing because a social

enterprise will never survive without making a surplus...” (Interview YH#1, regional support provider, October 2007).

Secondly, there is evidence from both regions to suggest the cessation of grants available to both social enterprise and support bodies, coupled with an increase in business orientated support has generally resulted in what has been described as “... economic reality...a reality check” (Interview NW#5, sub-regional support provider, December 2007). Most interviewees generally agreed with this assessment, commenting also that support for social enterprise has hitherto been more often than not short-term in nature and linked directly to quantitative measurement and quick-win policy. Additionally, the gradual removal of short-term funding grants appears to have caused some problems for both support bodies and social enterprises as they strive to meet specific contractual targets. In some cases, grant funding is still available to social enterprises to support their development, however there was no evidence from either region to suggest this is contributing to longer-term support projects.

The removal of short-term grant funding has in many cases resulted in particular support projects ending which has in many cases resulted in what one interviewee described as a “... *complete loss of corporate memory*” (Interview NW#5, sub-regional support provider, December 2007). A majority of interviewees agreed with this assessment, believing the removal of grants has led to a loss of some skilled individuals, particularly as projects have ended. It was felt however that the loss of subject specific skills has at least in part been mitigated by an increase in entrepreneurs entering the social enterprise sector, many of whom migrated from the private sector with the

skills necessary to negotiate inconsistent support and difficult market conditions.

Finally, the professionalisation of the support sector appears to have been driven in part by a need for higher-level or sophisticated knowledge, such as asset or equity management, with evidence suggesting increased demand for higher-level support coming in part from migrant entrepreneurs and support staff. Additionally, many interviewees were keen to stress private sector influences should not be automatically regarded as negative for the support sector as they offer opportunity to tap into specialist support knowledge not normally offered by social enterprise support organisations. Dixon (2000) refers to the transfer of this type of knowledge as 'strategic' and 'expert' transfer, which is normally based upon infrequent or specific non-routine expertise moved from one individual to another in separate organisations (see Table 3.5 and Figure 6.2).

The transition from grants to loans

The way in which support for social enterprise has become increasingly orientated toward their business needs has raised a number of issues regarding income generation. As social enterprises struggle to source dwindling grant funding streams many are attempting to obtain alternate streams of income through private means. Evidence from the interviews clearly indicates a shift in how some social enterprises, and support bodies are altering their income mix via loan and equity finance markets, as one typical interviewee suggested:

"I think previously a lot of them... [social enterprises]... devoted most of their time to asking the government for extra grant

funding... I think they're now realising that where they need to invest is in loan and equity financing... looking at working with the private sector... making assets work a lot more" (Interview YH#1, regional support provider, October 2007).

The increase in loan and equity finance support, whilst in response to the ending of grant funding, is also due to an increased supply of sophisticated knowledge enabling new and existing entrepreneurs to better understand risk and venture capital for example. This seems to have resulted in a greater number of social enterprises and support bodies accessing capital from either philanthropic lenders and in some cases mainstream banks. In recent history this has mainly been because of favourable lending conditions and to a lesser extent a greater ability of social enterprises to exhibit specific financial management and business planning skills. The increase in loan and equity finance support may also be stemming from RDAs which have significant relations with private business and Business Links for example, which are normally regarded as key support organisations for mainstream businesses with lateral understanding of social enterprise (Pearce, 2003).

The longer term implications of a general shift to private sources of funding for social enterprises, notwithstanding an increase in susceptibility to macro economic fortunes, include the apparent inability of many smaller bespoke support organisations to provide sophisticated support. This is simply because many do not have staff with specific skills or experience to access or directly provide such higher level support. However, some interviewees were keen to stress the importance of smaller bespoke support organisations despite this seeming lack of sophisticated knowledge, suggesting only larger more

corporatist enterprises needed this type of intervention. Furthermore whilst a shift to mainstream equity finance maybe useful from a business development perspective, they do little to help wider support policymakers understand the specific needs of individual enterprises to help create societal impacts. This is perhaps partly borne out through some NSESS responses which indicated marketing, risk management and product development as key areas of support social enterprises require developing (see Figure 5.11).

Evidence from the survey findings suggested subordination of social elements of support in favour of sophisticated financial support was not an altogether bad thing. This was because it was felt generally that many smaller bespoke organisations provide intervention to a specific type of social enterprise through a specific period in their development, normally acknowledging the wide variety of enterprises which otherwise may not be catered for. It appears therefore that there is a need for generalist social enterprise support knowledge at a social enterprise start-up phase. This evidence points to a fragmentation of the support sector and appears to mirror some changes taking place in the social enterprise sector as discussed in Chapter 3 and later in this chapter.

Some interviewees indicated that many support projects which have historically relied upon grant funding as a large percentage of income, are now struggling, with some ceasing to operate. Many of them suggested that this was not necessarily a bad thing bearing in mind the often short nature of the work of many social enterprise support bodies. Indeed, one typical interviewee likened social enterprise support agencies to a “...*vehicle for achieving some*

kind of end, some kind of vision and actually the social enterprise...” (Interview NW#7, regional support provider, December 2007). This sentiment was shared by many interviewees and gives a very good insight into how interviewees perceive the role of social enterprise support bodies, perhaps suggesting where they have failed or indeed have completed their main objective they should wind-down. There was little evidence to suggest this practice takes place despite a general recognition of a need to do so, meaning many social enterprises and support organisations continue to operate on the cusp of extinction, which allegedly sometimes led to a duplication of services and poor service standards. One sub-regional support provider gave a helpful insight into the tensions involved:

“...what we wanted to do was... develop a strategic business plan and exit strategy... and this was where people’s jaws dropped... when the money finished... let’s manage this wind down, let’s recognise good jobs being done. You don’t have to just keep going on forever once you’ve done your job and I don’t think that’s particularly been taken onboard...” (Interview NW#5, sub-regional support provider, December 2007).

There was clear evidence to suggest many other support organisations have in fact changed to survive, with responses noting expansion through mergers and agglomeration, contraction through consolidation and even extinction altogether.

Duplication and competition

Many interviewees, particularly in the North West, argued that locations that have historically been in receipt of EU administered Objective 1 and 2 funding are more likely to have disproportionate numbers of support agencies in one particular geographical area. Interviewees did feel that the concentration of

support services had in fact led to duplication of some services, a general lack of value for money and a lack of service quality primarily due to little or no competition between support providers. One interviewee explained:

“There are 37 delivery providers of business start-up support in [location], it’s just whacky and they’re covering... a tiny, five mile stretch... it’s a reflection of the ... Objective One funding that’s been in there... they’ve gone for real localised activity which with all the best will in the world doesn’t mean they share best practice, there must be a hell of a duplication of activity...” (Interview NW#1, regional support provider, November 2007).

This appears to contradict at least in part, some of the research findings by Harrington et al (2003) regarding how social enterprises cluster irrespective of historical funding regimes⁴. Although the focus here is upon support agencies rather than social enterprises, it raises fresh questions about the influence of place and the legacy of historical regeneration funding in localities upon the location of social enterprise and support bodies. Evidence from the interviews also appears to contradict what Haughton (1998, p.872) refers to as “... inter-local competition...” whereby competition for resources by support providers may lead to the duplication of social enterprises support services as they compete to grab whatever they can whenever they can.

Lack of competition was only raised by a minority of interviewees suggesting either knowledge and best practice sharing is not necessarily affected by disproportionate concentrations of support services, or that co-ordination and communication between support networks is in fact poor. Some interviewees suggested the support sector could in fact benefit from increased competition between support providers, only however, in conjunction with changes in how

⁴ See also Chapter 5, Figure 5.7.

support bodies communicate between each other. One interviewee in favour of increasing competition in the support environment commented:

“The problem with not operating in a competitive environment is there’s no drive to increase quality, improve efficiency... there’s an argument that... says it improves the quality of service because of the introduction of competitive other services....” (Interview NW#3, regional support provider, December 2007).

This evidence also appears to contradict the experiences of other interviewees, mostly from Yorkshire and Humber, although not exclusively. They suggested that the removal of grant funding available to support bodies coupled with an increase in business orientated support and a general increase in public sector contract procurement, has led to a process of polarisation within the support sector. Polarisation in this sense appears at least in part to mirror the bifurcation of the third sector as argued by Mertens (1999), Fyfe (2005) and Jenkins (2005), involving a growth of larger, often national support organisations at the same time as a growth of localised bespoke support bodies⁵.

Polarise, rationalise and regionalise

The survey findings suggest the process of polarisation within the support sector has two key elements. Firstly, and perhaps most importantly, there was evidence to suggest a growing separation between technical aspects of support, such as offering advice on a one-to-one basis and the strategic development of support policy at a regional level and above. Some interviewees considered this to be contributing to an environment where policy makers become increasingly detached from policy implementation, a situation

⁵ See Chapter 4 for more in-depth discussion upon the polarisation of the social enterprise sector.

which caused tension within localised support networks and on decision making boards. There was also a growing recognition that polarisation of technical and policy aspects of support has become increasingly noticeable at national level, raising questions about the inclusiveness of policy learning and communication. One interviewee explained:

“There doesn’t seem to be a coherence... across government departments... but because things have changed, that the kind of path that’s for technical support, the RDA and Business Link are still there, but other policy and strategy and development stuff hits across various other departments finds its way locally, that will be very useful” (Interview YH#3, sub-regional support provider, October 2007).

Secondly, many social enterprise support bodies appear to be joining together through a period of rationalisation. Interview evidence suggests two key inputs to this process. Firstly, a reduction of some subject specific knowledge through the loss of experienced staff is affecting many smaller, bespoke support organisations who are increasingly required to share higher level knowledge and secondly, a reduction in grant funding coupled with larger public sector contracts has made joint ventures and partnering more accessible and indeed lucrative. The process of rationalisation appears to mirror polarisation of the social enterprise sector. However there is no evidence to suggest support bodies have been co-opted into state controlled or funded schemes to provide specific support for enterprises undertaking public sector contracts (see Table 3.4).

The rationalisation of many parts of the support sector certainly appears to be in line with central Government’s Business Support Simplification Agenda

which is specifically aimed at reducing the confusion in the marketplace regarding mainstream business assistance. A reduction in confusion in this case however seems to specifically relate to a reduction of agencies involved in providing support for social enterprise development, or at least those that offer what could be described as providing less sophisticated support at a sub-regional level. One regional policy advisor suggested the issue was mainly about the costs of providing localised specialist support, indeed:

“... I think it’s... about whether the support is there or not... and that’s about money. You... can’t deliver a bulk buy service on any scale. For every advisor you put in place you can tot up the back room overheads, however efficient and careful you are” (Interview YH#8, regional policy advisor, December 2007).

Findings from other interviewees was in a similar vein, suggesting support had become increasingly regionalised with many social enterprises having to access regional advice networks often via impersonal routes, many of which seem to have little contextualised local knowledge. It would seem therefore the rationalised social enterprise support services that are operating at a regional level are there specifically for larger more corporate social enterprises requiring specialist business orientated or specialist knowledge, as one typical interviewee explains:

“[Organisation] was...moved to work at sub-regional level and now it’s moved back to work at regional level... operating most of their support through call centre and internet and so on, which anecdotally would make it much less useful to smaller organisations which may not have internet access anyway and really want some hands on support from someone that they can meet and talk to” (Interview NW#7, regional support provider, December 2007).

Indeed, the interview evidence indicates that the quality and indeed availability of locally available support is now subordinate to blanket sub-regional and regional support cover, with many local contexts not being captured by policy makers. This appears to have resulted in patchy coverage and a difference in quality across parts of both regions. One sub-regional support provider commented:

“The obvious thing is that five years ago social enterprise support was patchy, it existed in certain areas and not in others... but I certainly get the impression that the quality now is very patchy, whereas before it either existed or it didn’t” (Interview YH#5, sub-regional support provider, November 2007).

Interviewees generally considered regional policy makers and providers of support had more influence over the direction of policy than they did five years ago. There was recognition of a need to improve communication between different scales of operation especially with a continuing polarisation within the support sector. Despite this, the majority of interviewees from both regions considered the social enterprise support sector to be better than five years ago in terms of coverage and organisation.

Knowledge movement

A reduction of social enterprise subject specific skills and a subsequent increase of business orientated skills has resulted in inconsistency between some support advisors. Whilst some social enterprise support staff who had previously migrated from the private sector were acknowledged as having indeed become increasingly knowledgeable about social enterprises, the majority of interviewees considered the acquisition of knowledge from support staff that had implicit knowledge of private sector business to be no substitute

for specialist knowledge of social enterprise. There was no clear consensus, however, with one regional policy maker for instance suggesting that the specific skills needed to be a successful support advisor are “...80% is business skills and 20%...understanding the social side of things” (Interview YH#1, regional support provider, October 2007). Conversely, research by the Welsh Assembly (2003) and Rocket Science (2007) found that support for social enterprise is becoming increasingly similar to that required by mainstream business, perhaps giving mixed signals to support organisations over the specific skills required to run a successful support agency (see Figure 5.12).

In addition, a minority of interviewees considered low pay a problem, which has resulted in some advisors leaving the sector and in some cases made it more difficult to recruit and retain staff. This may not necessarily be a bad thing for some social enterprises as according to some interviewees, many such advisors, had little or no experience from which social enterprise could benefit. Indeed, one regional support provider commented:

“... some social enterprise advisors... get... paid about eighteen grand, they’ve never managed a business... never actually done anything financial in their life involving a cash flow or a budget or something like that... when they actually don’t really understand what they’re doing in terms of business and it’s even more complex when it comes to social enterprise. What I would really go for with the social enterprise advisors... is... pay wages that reflects a massive length of experience and levels of skills they actually need...” (Interview NW#3, regional support provider, December 2007).

Whilst many interviewees consider relationship building to be very important for knowledge sharing, the interview evidence did suggest fostering relationships to be increasingly difficult as support becomes increasingly regionalised and homogeneous. Despite this the research did indicate a need to develop certain inter-personal skills which could help develop localised relationships, albeit there was no clear evidence to suggest how this may take place. One typical interviewee acknowledged this assessment:

“It’s tricky this, it’s not just about skills, it’s... about the approach. There’s so many... advisors... that either don’t do enough... or they do it all for them and leave them with a fantastic plan but... the organisation doesn’t have a clue how to deliver it... I think the skill is actually developing a full understanding of the organisation you’re dealing with, recognising that you’re incredibly limited if you’re just going to spend three afternoons with an organisation and expect to come up with something fantastic...” (Interview NW#3, regional support provider, December 2007).

Re-branding

There is substantial evidence from the interviews that the social enterprise sector has also changed in both regions over the past five years or so. There are several key inputs to this change. A noticeable response from the majority of interviews, in line with findings relating to how support had become increasingly aligned with business orientated demands, was that social enterprise as a sector has undergone some form of re-branding. Re-branding in this sense does not necessarily relate to what social enterprises aim to achieve in terms of their social or moral goals but more about the mechanics used to achieve them. The social enterprise sector is said to be going through a process of re-branding resulting in a more business-like approach in operation, meaning that social enterprises often set themselves increasingly

business oriented expectations rather than solely social or moral goals. This appears in many ways to be consistent with the mainly quantitative target driven measurements of support identified in Chapter 6. One typical interviewee commented:

“I think [social enterprises have]... become more business focused... they’ve twigged...picked up that organisations like ours want to work with the ones that are more entrepreneurial...” (Interview YH#1, regional support provider, October 2007).

Most interviewees also indicated social enterprise has become more of a recognisable brand and has a more identifiable market, which in part explains an increase in loan and equity finance and some entrepreneurial migration from the private sector. Indeed several interviewees suggested business individuals are increasingly choosing social enterprise as a start-up option rather than the private sector, not necessarily for profit making reasons. As one typical interviewee pointed out:

“... some people are coming at it... [social enterprise]... and actively choosing to do it in a not for profit way rather than any other reasons, so that’s clearly where part of the growth is coming from” (Interview NW#5, sub-regional support provider, December 2007).

Some evidence stressed the importance of well known national brands such as the Big Issue and Jamie Oliver’s Fifteen Foundation in raising market awareness of social enterprise, particularly to potential younger entrepreneurs. However, two notes of caution were raised by many interviewees. Firstly, the emergence of a seemingly new type of social enterprise may occur, one which bypasses existing social enterprise governance structures. New social entrepreneurs may not wish to wait for

decisions to be cleared by a board of governors or trustees, but may wish to skip what they see as complicated obstacles inhibiting expedient decision making. Secondly, many new entrepreneurs may wish to set up social enterprises in order to create personal profit rather than focussing on creating social benefit. Whilst current monitoring systems for measuring social benefit remain subordinate to business orientated goals, this may become a reality.

The re-branding of the social enterprise sector led to mixed responses from interviewees regarding the actual growth of the sector. For some interviewees, the re-branding of the sector has led to an artificial growth with some community or voluntary sector organisations claiming to be social enterprise purely to access remaining grant or transitional funding. This is despite many 'new' social enterprises having traded for many years. Other interviewees believed there to be a genuine increase in trading organisations which have moral or social goals, entering the sector for reasons of “...*survival and necessity...*” (Interview YH#5, sub-regional support provider, November 2007).

Slow learning and internal tension

A minority of interviewees still considered there to be some misunderstanding as to what actually constitutes social enterprise, making understanding support needs especially difficult. These misunderstandings have historically stemmed from the community and voluntary sector as they attempt the transition to social enterprise status. However the recent re-branding of the social enterprise sector has also made understanding their specific

development and support needs intrinsically more difficult to both identify and provide.

Some interviewees, particularly from the North West, suggested that many social enterprises could be quite dogmatic, slow or even reluctant to move away from grant dependency. A fairly typical response was to highlight how certain social enterprises which had originally been set up to undertake a specific task over a specific length of time were still in existence, seemingly moving from one grant to another just to stay in existence irrespective of their goal. This view was expanded upon by one support provider in the North West who considered many social enterprises slow to learn and diversify their main activity, unlike many of their private sector counterparts, indeed:

“... they... [social enterprises]... cannot diversify away from their issue. “We’ve been established to deal with giving women access... to employment through low cost childcare or reasonably/appropriately priced childcare” and they grow and grow and grow and what you saying is “You should be diversifying at this, this and this” and they go “But why? That doesn’t fit with what our core rationale for being here is” (Interview NW#1, regional support provider, November 2007).

This response typifies a general feeling that the onus is firmly on social enterprises to adapt to changing trading conditions. Yet, there are some tensions about whether social enterprise can in fact achieve this. As discussed in Chapter 6, interviewees could not say with any certainty whether support for social enterprise is successful or not. Similarly, when discussing how social enterprises need to adapt to market conditions, interviewees recognised social enterprise is talked about a great deal in terms of local economic restructuring, regeneration and undertaking public services but is

not adequately measured in terms of policy review and supporting best practice. One regional support provider commented:

“... there’s a lot of hype talked about the value of social enterprise and the added value it brings... but that isn’t following through in terms of policy or investment or support” (Interview NW#7, regional support provider, December 2007).

Local context versus services of the state

Up to now this chapter has focussed upon how social enterprises have generally become increasingly market aware. However, there is also clear evidence from both regions suggesting some social enterprises are become increasingly engaged, and indeed reliant upon public sector procurement. Indeed, a noticeable number of responses pointed to activity in the health and welfare sectors, which by and large tend to involve public sector procurement at one stage or another.

Although social enterprises are generally less reliant upon state administered grants and are becoming increasingly reliant upon traded income, the preoccupation of many social enterprises with tendering with public sector organisations does suggest many social enterprises are still largely dependant upon the state for contracts and income. Indeed, research by Leeds City Council in 2004 found some social enterprises preferred to engage with the public sector for contracts, because they are more likely to yield a sustainable form of income and socially orientated contracts. However, this seeming over-reliance needs to be considered against a general widening of public sector procurement to all businesses, and how social enterprises in particular are continually encouraged by local and indeed national policy makers to compete

against private businesses within public sector markets. Nevertheless, many interviewees noted that some social enterprises view the procurement of public sector contracts as a holy-grail, as one sub-regional support provider argued:

“If we are looking for a sustainable future for... [social enterprise]... and we accept that the majority of their income is coming from the public sector, then this has got to be a public sector agenda and it’s no good making it a regional agenda” (Interview YH#6, sub-regional support provider, November 2007).

Secondly, there appears to be some scepticism regarding the role that social enterprise can actually play in delivering public services. Typical responses did attribute a value to social enterprises in terms of what they can achieve locally, but were particularly wary of central government perceptions of the sector. As one typical regional support provider commented:

“Government’s seen it... like a solution to all our woes... to reduce levels of public investment... There’s been some cynicism... particularly if you look at health when people are saying well this is just privatisation by the back door, you’ll just... sub it all out to social enterprises whereas others would argue well no it’s about actual deliverance at local level and about accountability at the local level” (Interview YH#1, regional support provider, October 2007).

An interesting part of this particular response refers to delivery and accountability. Here a parallel can be drawn to work by Amin, Cameron and Hudson (2002, 2003), who suggest that the social economy is *not* an alternative to public sector provision but a *different* way of organising such provision. The potential difference that social enterprise can offer in terms of approach to local change must be placed into this context. Discussion within Chapter 3 examined the range of activities the wider third sector can deploy to

address local issues, yet they may not be relevant in all disadvantaged localities. In this sense the way that sub-regional support has generally given way to the regionalisation of support, seems to be in line with a national regeneration agenda aimed at developing social enterprise as a universally adaptable model that works equally in each locality. Yet, according to some interviewees, this is simply not the case, as one regional support provider observed:

"There's a difference between being drivers of change and regeneration and being cheap. In my experience... some people see it as the cheap option" (Interview NW#3, regional support provider, December 2007).

The types of social enterprise that tend to procure for public sector bodies are what Fyfe (2005) refers to as corporatist organisations or in this sense sub-regional agents of the state. The re-branding and shifting of the sector does appear to be in line with a repositioning of the third sector within a neo-communitarian framework, however, the polarisation of the sector does not appear to be as stark as suggested by Fyfe (2005)⁶. Whilst interviewees on the whole agree many smaller and often radical grassroots social enterprises are increasingly marginalised in terms of funding and accessing localised support, some responses suggested that the polarisation of the social enterprise sector is beginning to mirror the private sector. Indeed one regional support provider likened larger corporatist social enterprises to *"the SME... in the corporate world"* (Interview YH#1, regional support provider, October 2007).

⁶ For a more in depth discussion upon the co-option of the third sector into activities of the state see Chapter 4

Other responses indicated that the gulf between smaller, more radical organisations and larger corporatist organisations is not as broad as some commentators think and although many interviewees thought that the sector would eventually polarise it has not happened as starkly as many support providers imagined. Nevertheless, there is clear evidence of polarisation within the sector in both regions, with some responses suggesting many social enterprises are downsizing and even disappearing, with others growing through agglomeration and enthusiastically engaging in the procurement agenda. For some the difference reinforces struggles more generally experienced by smaller, independent social enterprises, as one interviewee suggests:

“There’s obviously a pull away from grant funding towards contracting and that means aggregation of contracts... so actually bigger purveyors are...going to be better positioned in order to deliver... so how do you make sure... you don’t squeeze out those smaller organisations where there is... flexibility... the sorts of values... you want to bring into the way you deliver service...”
(Interview NW#2, regional support provider, November 2007).

RDAs and improving the support agenda

There is clear evidence from the interviews to suggest that RDAs are driving and co-ordinating the social enterprise support agenda in each region, mainly through directing funding and directing policy. This evidence appears to be backed up by some of the NSESS responses relating to the role of RDAs in co-ordinating and organising regional and sub-regional support (see Figure 5.10). Several responses however did suggest the degree to which their social enterprise support development agenda can be influenced is in fact limited

mainly due to the purely strategic level at which they work. This suggests that either communication between both RDAs and associated sub-regional support networks is only partial or the RDA tends to work in a segmented way primarily due to vertical pressure exerted upon them from above to ensure they meet their own outputs and policy targets. Interestingly, interviewees were generally keen to express how the respective RDAs did in fact listen to policy development ideas through associational networks, but felt ideas were seldom acted upon. This subsequently led to a noticeable number of responses suggesting key policy makers and support organisations in both regions and sub-regions had in fact limited influence over the current social enterprise support policy direction of the two RDAs.

Interviewees also provided specific evidence linking RDAs to the improvement of the support agenda, principally through two key means. Firstly, as discussed earlier in this chapter and in Chapter 6, the role of individuals was considered to be crucial for developing a thorough support agenda. Interviewees from both regions were keen to stress that despite a seeming lack of action by RDAs on some occasions upon topics relating to social enterprise, certain individuals in each organisation were in fact central to developing relationships through drive and personal passion, something that hitherto had been lacking at a regional strategic level. One typical response commented:

“I think that understanding is there but the big key point again comes back to the individuals, who’s prepared to try things out, who’s prepared to kind of give some freedom to take some chances and so on rather than simply do what they have to do to satisfy government” (Interview YH#3, sub-regional support provider, October 2007).

Other responses indicated that support for social enterprises is still systems driven and requires a wholesale change to become softer, based upon the nurturing of relationships, although no specific evidence was given to suggest how this might be achieved.

Secondly, evidence from the interviews does suggest RDAs are generally good at capturing what is needed to develop the support agenda, such as consulting upon policy ideas and developing lines of communication. It is fairly unclear how they achieve this, but interviewees tended to suggest improvements in internal communication may have greatly assisted their ability to capture what is required, not least accessing information about a multitude of related local agendas which are at their disposal. Whilst stressing RDAs need to take a central role to improving the support agenda, interviewees were keen to point out significant steps still needed to be taken to enable them to develop a more holistic, region-wide support agenda for social enterprise.

Developing locally

Responses from both regions suggested several key areas where the support policy agenda might be improved. Firstly, interviewees considered the role of local authorities needed to alter to become more pro-active, as one typical interviewee suggested:

“... one of the really big missing pieces in the jigsaw is the level of understanding from local government about the thriving third sector... [social enterprise]...does make a positive difference to your local social economy and reduces deprivation and that type of stuff, sometimes there's very little awareness” (Interview NW#7, regional support provider, December 2007).

It was felt generally that local authorities needed to lead the debate on social enterprise support, and the role social enterprise can play in regenerating communities. This is primarily because of a pending transfer in local economic development powers to local authorities but also because local authorities are felt to be closer to communities and therefore able to capture local individual and business aspiration. Local authorities also have existing democratic and governance structures which social enterprises may be able to mirror and finally because increasing numbers of social enterprises are already procuring public sector contracts, many of which are with local authorities. This demand upon local authorities does appear to contradict recent regionalisation and rationalisation trends which have seen increasing amounts of support organised and delivered at a regional level. Responses did indicate that whilst many interviewees are generally happy for support to be strategically steered at a regional level, there was a growing desire for support to become organised and delivered locally.

Despite a majority of interviewees considering RDAs to have improved communication internally, some evidence suggested RDAs could improve still further their outward facing external communication. Although a majority of interviewees felt individuals in RDAs who assist in social enterprise development had generally improved the overall development of relationships though drive and personal commitment to the social enterprise sector, there was some concern over consistency of staff at meetings and in certain posts. This is perhaps exacerbated by the way social enterprise often cuts across many disciplinary fields for which RDAs have some form of jurisdiction and perhaps highlights some knowledge inconsistency among some senior RDA

staff. Other responses also expressed a desire for more consistent messages to emerge from RDAs, particularly regarding how the potential benefits of social enterprise maybe marketed to external private sector organisations.

There was also many comments requesting RDAs look at how support for social enterprise is branded and packaged. It was suggested that some emerging social enterprises are not enamoured by support organisations that offer to bolster business management techniques and increase profit, partly due to how the support organisations market themselves but also because of an historical issue of mistrust between some community and voluntary sector organisations and some sub-regional support providers.

The apparent lack of action by RDAs on policy development ideas put forward by some regional and sub-regional support providers has led some interviewees to call for a more inclusive policy learning process. Some have suggested this is partly due to the polarisation of the support agenda which has seen the separation of technical and development aspects of support which all interviewees apart from one, have suggested needs to be reunited. Other responses have recognised difficulties faced by the respective RDAs in meeting a region-wide multi-faceted social enterprise agenda. One regional support provider lamented:

“...the social enterprise strategy... is being drafted pretty much in a vacuum... based on whatever experience or knowledge... [organisation]... seems to have within itself. I suspect that unless I'd gone in actively and said “We want to be involved in this”... many other people who are actively involved in social enterprise support... would not have been included” (Interview NW#7, regional support provider, December 2007).

Measuring success

One of the more noticeable responses from interviewees in both regions surrounded a desire to utilise qualitative methods to measure the success of both social enterprise and social enterprise support. Many interviewees consider the role of the RDA to be pivotal in attempting to change the current over-reliance upon mainly quantitative measurements to methods incorporating softer, added value elements. Interviewees did however recognise this would require a wholesale change from central government as the RDAs themselves are considered to be overly reliant on meeting targets and economic outputs. These findings are consistent with debates in Chapter 3 upon the diverse nature of social enterprise which typically means many of their objectives are difficult to measure mainly because they relate to qualitative or soft outcomes. Many social enterprises and indeed support organisations have struggled to use evaluation methods or analytical tools other than the more traditionally quantitative methods. The problems faced by many support organisations worsened by having to meet often strict funding deadlines which are required as feedback evidence (Armstrong, Kehrer and Wells, 2001, Bull, 2006, Hart and Haughton, 2007).

Furthermore, some interviews also concluded that RDAs do not evaluate social enterprise support policy enough. In this sense gauging what the sector needs to see developed, such as tools to measure qualitative or added value outcomes rather than outputs appears to be missed. One regional support provider suggested:

“There’s a distinct lack of evaluation evidence... none of the RDAs seem to do it... They’re not using evaluation evidence to actually direct future activity, which is what it should be used for. We need

to start doing better evaluation activity..." (Interview NW#1, regional support provider, November 2007).

This apparent lack of project evaluation appears to be contributing to a short-term view of support policy which according to the interview evidence, needs to be reversed. The benefits of quick learning but longer-term policy seem to appeal to many interviewees who typically suggested longer term support would allow networks, relationships and communication to grow, however there was a distinct lack of evidence to suggest how this might be achieved and how growth would indeed be measured.

Conclusion

This chapter has examined the changing nature of both support institutions and social enterprises over recent years and has examined the role of RDAs and other support bodies in improving support arrangements for social enterprise. Evidence from the interviews clearly indicates that social enterprise support organisations have typically subordinated social goals in favour of support that exhibit bias toward a need to generate income and profit to sustain business. This has been generally referred to as a professionalisation of the support sector and is in part due to the transference of explicit knowledge and skills from professionals working in the private sector and from a continued over-reliance upon the collection and reporting of mainly quantitative outputs. The professionalisation of the support sector appears to have been driven by a need for higher-level or explicit knowledge, upon subjects such as equity management and product development. In addition, evidence from the interviews indicates the social enterprise sector itself is going through a process of re-branding, which is resulting in a more business-

like approach to operation. This appears to mirror the mainly quantitative target driven measurements of support organisations identified in Chapter 6.

As support for social enterprise has generally shifted toward their business needs evidence from the interviews indicates social enterprises and support bodies are altering their income mix to loan and equity finance markets. This is because of a general cessation of grants available for both social enterprise and support agencies and because of an increase in sophisticated knowledge available for entrepreneurs to better understand risk and venture capital. This is interesting as it partly contradicts findings by Fraser (2007) who found that despite a general ongoing effort by central government to reduce grants, the levels of grant uptake by social enterprises and support organisations in both Yorkshire and the Humber and the North West to be higher than those found in London. This is important because London is widely recognised as having one of the most well-known social economy sectors in England (Social Enterprise London, 2007). The research also found that there is a general perception among social enterprises and support agencies that they require specialist business orientated support to develop their commercial interests, which include accessing equity and loan finance. In reality however, questions remain over how a decrease in grant and an increase in loan finance can actually equate to a more productive social enterprise or support agency, particularly through periods of economic and financial instability.

Interview evidence clearly indicates a growing separation of technical aspects of support and the strategic development of support policy at a regional level and above. This is felt to be leading to an environment in which policy makers

are becoming increasingly detached from policy implementation. Linked to this is evidence suggesting social enterprise support bodies are joining together through a period of rationalisation. Evidence from the interviews suggests this is stemming from a loss of experienced support staff and increasing amounts of top-down regional policy decision making.

There is clear evidence from the interviews to suggest that RDAs are driving and co-ordinating the social enterprise support agenda in both regions. Furthermore, interviewees did feel the degree to which they could influence the support agenda to be limited, suggesting either communication between RDAs and their support networks is poor or the RDA tends to overly focus upon their own outputs and policy targets at the expense of sub-regional support development. This is perhaps mirrored by funding through the Capacitybuilders programme which is trying to develop both the social enterprise sector and wider third sector support through seemingly complicated regional and sub-regional structures, thick with multiple agencies vying for 'gatekeeper' status (see Figure 4.6 and Figure 6.1). Interview evidence also indicates that RDAs need to encourage local authorities to lead debate on social enterprise support, and the role social enterprise can play in regenerating communities. Finally interviewees typically felt strongly about the role of RDAs in promoting the use of qualitative methods to measure the success of both social enterprise and social enterprise support in terms of measuring softer, added value elements.

The next chapter concludes the thesis and considers opportunities for future associated research.

Chapter 8

Conclusions

Introduction

This thesis set out to obtain a better understanding of the support networks at regional and sub-regional levels that are available for social enterprise. In doing so it has reviewed and examined wide ranging debates on the position of social enterprise and the social economy, the historical influence of geographies of place in shaping local economic development and the character and values associated with social enterprise. The empirical work focussed upon two key areas. Firstly, it provided a picture of how different English regions perceive social enterprise location and support. Secondly, it has explored responses from regional and sub-regional support providers and policy makers about how social enterprise support policy is measured and how policy makers and support providers can learn from each other through the transfer of support policy knowledge. Four sections of this conclusions chapter review the four thesis objectives teasing out key areas of interest from all aspects of the research. As various themes are brought together, they allow both the critique of literature and the empirical findings to shed light upon what we know we know now that we didn't before. A subsequent section explores the wider theoretical and policy considerations that result from the empirical research. The final two sections explore the implications of the research for policy and for future areas of research, including methodological achievements and considerations.

The development of the social economy as an economic space: the re-orientation of the state and re-positioning of social enterprise

Evidence from Chapter Four demonstrates that the current faith shown by many policy makers in the ability of the social economy to become involved in

local forms of sustainable regeneration is relatively new. Despite this, however, the recent growth of social economy organisations does appear to be the latest in a cycle of social economy developments since the mid 19th Century. In this sense, recent policy developments to promote the social economy and social enterprises as part of a modern solution to tackle local economic decline, rather than promoting something fundamentally new, are in fact promoting solutions that have existed for a long time. These cycles of social economy activity ultimately reflect how specific locations develop institutional activity to tackle social or economic inequality, whether through state or market orientated methods, or alternative approaches (Bouchard, Bourque and Lévesque, 2000, Spear, 2004, Moulaert and Ailenei, 2005, Hudson, 2005b).

To obtain a better understanding of how the social economy has emerged as a contemporary economic space, the analysis of academic literature in Chapter Four focussed on two specific economic periods in the last 30 years, which broadly characterise different approaches to the development of the social economy. The first identifies the growth of social economy space as a counter-reaction to mainstream economic policy failure, and more generally the failure of policies that promoted the benefits of individualism over collective responsibility, typical of the post-1979 UK Thatcher government (Boddy, 1984, Molloy, McFeely, and Connolly, 1999, Mayo and Moore, 2001, Amin, Cameron and Hudson, 2002, Hudson, 2005b). The second, perhaps paradoxically, suggests that over the last 10 to 15 years, the general global and national shift to more of a market influenced approach to social change, has led to increased interest in exploring the potential of the social economy to

boost mainstream economies (Tomás Carpi, 1997, Dart, 2004, Lévesque and Mendell, 2004, Phillips, 2006).

Analysis of both policy and academic literature has shown that these developments have at least in part been catalysed by a recent re-orientation of state activities and local regeneration policy experimentation. This has been viewed as part of the Third Way philosophy, which has historically been viewed as neither old style social democracy nor neo-liberalism (Powell, 1999, Callinicos, 2001). Two key pieces of evidence allow us to better understand the development of social economy space. First, the re-orientation of state-led urban policies and experimentation throughout the 1980s and 1990s, has resulted in fundamental re-workings of both local and national relations in organising local economic development, and, perhaps more importantly between the citizen and the state, ultimately resulting in new forms of working relationships between local government and citizens, usually through local networks (Boddy and Fudge, 1984, Pacione, 1992, Beer, Houghton and Maude, 2003, Jessop, 1998, 2001a, 2002, Fyfe, 2005).

Second, neo-communitarian approaches to policy formulation have highlighted the importance of the local scale. The role of bottom-up mechanisms to help solve social and economic problems is central to the understanding of the development of the social economy, and ultimately promotes the contributions of community groups and decentralised partnerships in the wider regeneration process. In this sense, neo-communitarian approaches to developing the social economy are less about promoting individualism and autonomy and more about promoting mutual

working and social responsibility (Marston and Staeheli, 1994, Pearce, 2003, Fyfe, 2005).

Analysis of the policy literature in Chapter Four suggests that the development of the social economy as an economic space has raised a number of fundamental issues. In fact, contrary to a great deal of current Third Way thinking, the development of the social economy struggles to be catalysed by the resources held in local communities alone. This raises questions about both the role of CED capacity building projects and the role of the local state in making space for social economy development. Rather than focussing on developing the social economy in deprived communities therefore, a neo-communitarian approach sometimes shifts development to communities which already have time, resources and ultimately baseline social capital to shape their own community, bypassing areas of most need (Marston and Staeheli, 1994, Amin, Cameron and Hudson, 2002, Hudson, 2005a).

Chapter Four also revealed how these issues have led to questions over the exact relationship between the social economy, the state and market. There is some evidence from both academic and policy sources suggesting that many social economy organisations are becoming incorporated, or co-opted into workings of the state. In this sense, the development of social economy space is less about localised, smaller organisations promoting things like the development of social capital and active citizenship, but more about professionalised, rationalised organisations which appear to be increasingly separated from grassroots action. In line with interview findings in Chapters Six and Seven, larger, more corporate social economy organisations are now

viewed as localised agents of the state. At the same time, smaller grassroots organisations face increasing pressure to formalise and become more business-like in their operation (Dahrendorf, 2001, Amin, Cameron and Hudson, 2002, 2003, Borzaga and Defourny, 2004, Pharoah, Scott and Fisher, 2004, Fyfe, 2005, Hudson, 2005a).

Policy and academic analysis also suggests that there is a link between the re-positioning of social economy organisations, the re-orientation of the state, and some of the fluid qualities exhibited by social enterprises. Some of the research in Chapter Three and Four suggests that these dynamic qualities have ultimately allowed social enterprises to develop certain institutional elements making them flexible enough to become embedded across and within local organisational network space. This 'tension field' describes the fluidity of social economy organisations quite well, with social economy space ultimately being shaped by the respective boundaries and influences of state institutions, market forces, family and community (Trigilia, 2001, Jessop, 2001b, 2002, Pearce, 2003, Laville and Nyssens, 2004, Storper, 2005, Nicholls, 2006).

The effectiveness and construction of social enterprise support: the co-ordination of social enterprise support and the measuring of policy impacts

The policy literature (see Chapter Four) and analysis of the semi-structured interviews in Chapter Six, revealed that whilst for many years both national commentators and policy makers have been seemingly happy to praise the merits of social enterprises as a potential urban panacea, most practitioners

do not know how to accurately gauge their success. The multi-faceted nature of social enterprises has meant that many support institutions have also found it difficult to make sense of specific social enterprise needs and therefore undertake appropriate support intervention. These confusions have ultimately resulted in a situation where many support providers and policy makers can't say with any degree of certainty what constitutes success in terms of social enterprise support policy. This is of concern as there appears to be continued emphasis placed upon the use of social enterprises to undertake projects for the public good (Jackson, 2002, Leitão da Silva Martins, 2007, Farrer, 2007, Hart and Haughton, 2007).

Evidence from both Chapter Four, and from analysis of interviews in Chapter Six and Seven, indicates that there has been a clear shift in many social enterprise goals toward a need to generate income and profit. This coupled with a concurrent shift in social enterprise support policy towards business planning and an historical reliance upon grant or time limited development funding, has resulted in a great deal of support policy being measured through predominantly quantitative methods. The seeming over-reliance upon quantitative methods, whilst relatively easy and quick to undertake, misses much of the diverse work undertaken by social enterprise as their impacts are often less easy to capture. This means accurate measurement of both social enterprises and their support policies has been mostly inadequate. This process has made it intrinsically difficult for policy makers to define policy success (Hambleton and Thomas, 1995, Haughton, 1998, 1999, Armstrong, Kehrer and Wells, 2001, Bull, 2006, Seanor, Bull and Ridley-Duff, 2007, Haughton and Allmendinger, 2008).

Research evidence from both critiques of policy and academic literature, has found that there is no real need for an over-reliance upon the collection and reporting of predominantly quantitative outputs. If, as the research evidence suggests, measuring the success of social enterprise support is difficult, and that support providers can't indicate with any certainty that the support they provide is successful or not, then it would be perhaps more appropriate to introduce a more balanced approach to measuring success. This would allow for a more realistic assessment of policy impact as it would allow for added value impacts of support to be considered alongside more traditional quantitative outputs. It would also afford support organisations more time to evaluate what constitutes success in a local socio-economic context (Hambleton and Thomas, 1995, Haughton, 1998, Boland, 2000, Lyon et al, 2002, Peck, 2001, 2002, Butcher and Marsden, 2004, Hart and Haughton, 2007, Haughton and Allmendinger, 2008).

An analysis of findings from the NSESS in Chapter Five reveals that the level of co-ordination and organisation of social enterprise support available at regional and sub-regional levels, is directly related to the quality of communication between social enterprise support providers and policy makers. More specifically, these research findings indicate how the quality of support available for social enterprise is perceived to be directly influenced by poor communication between support providers and policy makers. The findings also highlight the importance many respondents give to the role of RDAs in co-ordinating support and creating a quality supporting environment for social enterprise development. This is interesting as the actual business of support intervention has been largely devolved through RDAs to the sub-

regions and Business Links, their franchises and smaller bespoke organisations, many of which may well be social enterprises. This in itself raises some fundamental questions over the construction, effectiveness and organisation of social enterprise support. The literature analysis in Chapter Five indicates that the specialist support which social enterprises often require is not met in a consistent way across the English regions. This is partly due to the multi-faceted nature of social enterprise, ultimately leading to a wide range of bodies and organisations delivering a variety of support packages, and partly due to poor communication, which in many cases has led to a variety of support organisations which are not entirely consistent in terms of the quality or geographic coverage of support. This has led to some support networks for social enterprise in the UK being either overly-complex or fragmented, often delivered by a broad collection of organisations exhibiting inconsistencies in success rates, geographical coverage and skills exhibited by individual support providers (Smallbone et al. 2001, Pearce, 2003, Pharoah, Scott and Fisher, 2004, Rocket Science, 2007, 2008).

How local economic policy knowledges evolve: policy learning and knowledge transfer

It may be misleading to think that the introduction of qualitative support monitoring and evaluation techniques will lead to a greater level of support policy success. For instance, Chapter Four identified confusion over which types of evaluation techniques to use and when. In this sense, it is important for support projects to utilise the most appropriate mix of evaluation methods, including both qualitative and quantitative approaches used for certain policies or projects may help better link policy evaluation knowledges to support policy

formulation in a way that currently results in 'fast-policy' regimes (Peck, 2002). This would allow support providers and policy makers time to develop evaluation strategies over longer periods of time which would in time lead to support policies and strategies that have arguably higher added value and societal impacts (Haughton, 1998, 1999, Peck, 2001, 2002, Haughton and Allmendinger, 2008, Haughton and Naylor, 2008).

There are a number of wider policy changes that are required for these changes to take place. Firstly, an increase in, and in many cases an introduction of, longer-term policy and project evaluation is felt to be required simply because many of the merits of social enterprise often take many years to generate. Secondly, evidence from the interview findings (Chapter Six and Seven) suggests that the respective RDAs must be central to developing this goal. As some of the NSESS findings indicated, where an RDA is central to the co-ordination of social enterprise support and development there is more likely to be better communication between support providers and policy makers and higher quality support available for social enterprise. Thirdly, both policy reviews in Chapter Four and findings from the semi-structured interviews have pointed to the role of RDAs in promoting the use of qualitative or social audit methods to establish social enterprise support impacts. The issue here involves how the RDAs balance the need to achieve targets driven by quantitative outputs, mostly set from above, whilst advocating and setting mixed evaluation outputs and outcome driven targets from below. Finally, and importantly, evidence from the interviews (Chapter Six and Seven) indicates that improvement in how policy knowledges are communicated is central to allowing policy evaluation methods to change (Jacobs and Barnett, 2000,

Peck, 2001, 2001, Haughton and Allmendinger, 2008, Haughton and Naylor, 2008).

How policy knowledges are communicated was found to be a major issue. The problem here surrounds not only when and how to measure success, but what to communicate and transfer as best practice and policy knowledge to other support providers and policy makers. Evidence from both the policy review and the semi-structured interviews has indicated support providers and policy makers do not know with any certainty what knowledge to share with other social enterprise support providers or social enterprises. A clear link can be made here to a lack of knowledge upon specific social enterprise character and value and a lack of appropriate support policy evaluation. A key issue therefore for social enterprise support providers and policy makers is obtaining a better understanding of the way explicit knowledge is formalised from more tacit forms of knowledge and informal communication. This would allow a number of policy issues to develop. First, it would assist in improving communications systems which would allow for a better understanding of the specific needs of the sector. Second, it would allow for a better understanding of what necessary skills and experiences will be required from support staff to meet the needs of a changing social enterprise sector. Third, it would allow for individuals in organisations to take an active role in reflective learning cycles which in turn would become central to policy evaluation process and the development of best practice paradigms (Jeffries 1998, Lovering, 1999, Dixon, 2000, Chapman, 2002, Pike, Rodríguez-Pose, Tomaney, 2006, Capello, 2007, Leicester, 2007, Shaw and Carter, 2007, Tappeiner and Walde, 2007, Weber and Khademian, 2008, Haughton, Counsell, and Vigar, forthcoming).

The importance of policy learning in the social enterprise support environment has also emerged in some of the NSESS findings, analysed in Chapter Five. Many respondents value partnership working and information sharing as key elements of the learning process, however they also stressed the importance of benefiting from private sector expertise in terms of support mechanisms. In this sense, support organisations may also benefit from the organisation and co-ordination of private sector networks and policy learning environments, perhaps through staff exchange programmes. Finally, in line with some of the literature findings in Chapter Four, responses from the NSESS suggest support programmes and their impact evaluation need to be longer than they are currently, with three years being suggested as a preferred time-frame. Longer-term support for social enterprise may allow alternative methods of monitoring and evaluation. Free from short-term quantitative output monitoring, social enterprises and support bodies may well be able to measure associated qualitative social outcomes and added value impacts (DTI, 2002, Hudson, 2005a, Haughton and Allmendinger, 2008, Haughton and Naylor, 2008).

The interaction of social enterprise with established socio-economic and socio-political systems: CED and the generation of social capital

Analysis of policy and academic literature in Chapter Four has indicated that attempts at understanding specific social enterprise development needs by support providers and policy makers, have chiefly been undermined by a perceived need to define what social enterprises are. This has, in most cases, been achieved by benchmarking against a nationally produced and recognised definition. Yet interestingly, belief that an all-encompassing

definition of social enterprise can be generated at a national level, which can then be adapted to suit local needs, is simply not as useful as first thought. Evidence from both academic and policy sources have found that social enterprise support and development requirements need to stem from the individual social and entrepreneurial requirements of social enterprises themselves (Twelvetrees, 1998, Smallbone et al, 2001, Brady, 2003, Pearce, 2003, NWDA, 2003a, 2003b).

This finding has the potential to create a range of problems. Research in Chapter Four has indicated that many regional and sub-regional policy makers and support organisations, have in fact struggled to understand the needs of local social enterprises. This is because of several key intertwined issues. First, there is a general perceived need to produce definitions of social enterprises which often bear no relation to their support needs. Second, there is a typical over-reliance upon the nationally prescribed OTS definition which promotes the themes of competition, innovation and inclusion as a guide for social enterprise development. These themes, in fact miss many social and entrepreneurial values that social enterprises exhibit and therefore logically need to develop. Third, and perhaps most importantly, support for social enterprise has become increasingly regionalised with support available through increasingly impersonal routes, many of which seem to have little contextualised local knowledge. Evidence, particularly from the semi-structured interviews (Chapter Six and Seven), indicate that the quality and availability of locally available support is subordinate to blanket sub-regional and regional support cover. This makes the job of regional and sub-regional support providers increasingly difficult as they attempt to make sense of what

social enterprises need to develop in terms of both the social and entrepreneurial elements of their business (Borzaga and Defourny, 2001, NEF, 2001 Pearce, 2003, LCC, 2004b, Fyfe, 2005, Spear and Bidet, 2005).

What is interesting here though is the emerging evidence that suggests understanding the needs of local social enterprises can in fact be achieved through an examination of the specific characters and values associated with individual social enterprises at local and sub-regional levels. These local development characteristics will be unique to each social enterprise, which may eventually build into local or sub-regional social enterprise development themes and needs specific to any given locality. This approach has the potential to enable social enterprise support providers and policy makers to develop policies that are both relevant to the needs of individual social enterprises and the wider business and regeneration environment (Handy, 1994, Borzaga and Defourny, 2001, NEF, 2001, Trigilia, 2001, Brady, 2003, Social Enterprise Coalition, 2003).

The common values associated with social enterprise typically allow their operational boundaries to be flexible thus allowing them to operate within local networks. To policy makers, this attractiveness can, at least in part, be boosted by gaining a better understanding of the specific character and value of the social enterprise sector. Chapter Four suggests a number of key issues that can benefit from this type of intensive investigation. Firstly, it might help frame social enterprises in their wider institutional network, allowing for a review of policy communication and learning systems. Secondly, by linking specific goals to the mechanisms they use to achieve them, might allow social

enterprise support to have a more positive impact. Thirdly, developing a better understanding of the potential role social enterprise can play, alongside local CED projects, might help better link local regeneration strategies at local levels. With these issues in mind, there are a number of 'added' values that might be used to help advertise the attractiveness of social enterprise to policy makers and local economic development agencies (Borzaga and Defourny, 2001, Trigilia, 2001, Pearce, 2003, Pharoah, Scott and Fisher, 2004, Kay, 2005, Seanor, Bull and Ridley-Duff, 2007).

What is interesting here are the many common values and characteristics exhibited by both CED projects and social enterprises. This along with their local scale of operation and ability to network makes social enterprises ideally situated to engage in local forms of regeneration. An examination of both academic literature in Chapter Four and findings from the semi-structured interviews in Chapter Six and Seven indicate that social enterprise and CED projects are increasingly being engaged in non-traditional forms of regeneration, such as the generation of social capital as part of local attempts to restructure local economic fortunes. More specifically, this research has pointed not only to the development of social capital, but to the potential development of entrepreneurial skills, which in turn can be used to develop local forms of social enterprise which in turn can be used to build local capacity and increasing amounts of social capital. Chapters Three and Four indicated the role social enterprises can play in the generation of social capital and local economic regeneration is a potentially important one, as the local dimension to creating social capital, namely the building of relationships, partnerships and networks of association at a local scale is a trait central to

social enterprises. This embeddedness has allowed social enterprise to become key agents for the transference of tacit and some explicit knowledge through local networks of association and essentially has allowed for interplay between the local state and other organisations (Poppo and Redmond, 2000, Bacchiega and Borzaga, 2004, Pharoah, Scott and Fisher, 2004, Kay, 2005, Defourny and Nyssens, 2006, Nichols and Cho, 2006).

Theoretical and policy considerations

This section focuses upon exploring some of the key conceptual and theoretical ideas that have arisen from the main findings of the thesis. These main findings tend to bridge two main areas of intellectual debate. First, drawing upon Bob Jessop's work on a strategic relational approach to state theory and understanding how the state has been reorganised, has helped better understand the interplay between both state and non-state funded support and wider structure/agency issues (Jessop, 2001b, 2007). Theories about the role of the state and how it has been re-positioned have also helped understand how spaces at local scales have been created or developed to allow alternative economic activity to grow as part of a wider neo-communitarian agenda (Fyfe, 2005). Parts of the neo-communitarian debate, specifically regarding the devolution of power, and parts of Jessop's 'hollowing out of the state' thesis, have also allowed for a better understanding of how social enterprises and some support agencies have been co-opted as agents of the state and how the transitive elements of social enterprise such as their character and value, manifest themselves at local scales (see Figure 4.5, Dahrendorf, 2001, Jessop, 2002, Bacchiega and Borzaga, 2004, Fyfe, 2005, Nicholls and Cho, 2006).

Following on from the neo-statist and neo-communitarian agendas, emerging debates about theorising sociospatial relations have specifically helped to contextualise findings relating to policy learning and the role of agency in constructing changes in society. In particular, utilising work by Jessop, Brenner and Jones (2008) has helped better understand how a multi-dimensional approach to analysing socio-spatial relations can help contextualise reflective learning and the construction of social enterprise support policy knowledge and how support agencies effectively determine which social enterprises are eligible to join either the support network through informal accreditation, based upon socially constructed criteria (see Figure 4.6, Alter, 2006, Grenier, 2006). By analysing socio-spatial relations using territory, place, scale and network (TPSR), natural links to structure/agency debates can be made (Jessop, Brenner and Jones, 2008).

Second and closely related to the Jessop, Brenner and Jones (2008) TPSR debate is the influence of wider scalar debates (see Peck, 2002, Fuller and Jonas, 2003 and Morgan, 2007). Scalar debates have helped explain how spaces of engagement or resistance develop at local levels and how specific organisations can become involved in specific political or economic activity, for example reaction against the state or developing social capital. Analysing scale jumping has also helped explain the double devolution paradox particularly in relation to post 1997 reformed territorial governance and neo-communitarian agendas and has helped better understand the importance of place and associated networks of association (Urry, 1990, Haughton, 1998, Amin 2005, Cochrane, 2007, Morgan, 2007).

Although the focus of this thesis was not principally based upon either scalar or state-led intellectual debates, these approaches have nevertheless been useful in order to better understand how space has been created at local levels for the development of social enterprise and social enterprise support systems. They have also contributed to the development of academic literature and issues of real world policy relevance (see Markusen, (2003) and earlier sections of Chapter two) and are considered in the next section.

Implications of this research upon future research and support policy

This section focuses on two key issues. First, it highlights areas for future research and sets an agenda of policy relevant recommendations. Second, it considers some methodological issues that have arisen throughout the thesis. There are several aspects within this thesis that present possibilities and implications for policy and academic research. These can be separated into four key areas:

1. Character and value of social enterprises

This could be an exploratory piece of research which could begin to examine the local extractable elements of social enterprises. This could provide valuable information about the localised support needs that social enterprises have. It could also provide information about the local institutional networks within which social enterprises operate, helping to tailor support in a local social, political and economic context. This type of study would need to be undertaken at a local level and would involve intensive research with social enterprises.

2. The role of social enterprise in the generation of social capital

Many CED projects and social enterprises share similar values in terms of how they operate at a local level and how they can help foster relationships and partnerships through networks of association. Although social enterprise can't create social capital on its own, it can play an important role, specifically alongside capacity building and training CED projects, aiming in particular to develop entrepreneurial skills in deprived areas (see Figure 3.2). This is an area which requires detailed investigation, which may benefit from an accompanying study of the wider role social capital can play in local economic restructuring and the benefits of teaching of traditional subjects in formal education and of enterprise in deprived areas (Smallbone et al, 2001, Pearce, 2003, Pharoah, Scott and Fisher, 2004, Kay, 2005).

3. How social enterprise support policy is evaluated

This study has identified the historical problems policy makers and support providers have had in determining whether or not social enterprises and their support policies are successful or not. This has raised some fundamental challenges for support providers in actually identifying what constitutes support success. The main reason for this challenge is a general lack of appropriate policy evaluation method that involves a mix of both qualitative and quantitative measurements. The resultant over-reliance upon mainly quantitative output related evaluation has resulted in fast-policy packages which are all too often ill-conceived and reactionary compensating for past policy failings. As this study, and many other policy commentators including those from central government, have persistently advocated the potential role of social enterprise as a useful CED policy tool, there needs to be an

equivalent policy recognition that support evaluation needs to account for the wider outcomes and societal impacts they help create.

Further detailed examination is needed therefore of the implications and practicalities for the introduction of longer-term evaluations which typically move away from the over-reliance upon purely quantitative methods to mixed methods and increased use of qualitative toolkits, scorecards and social audit approaches. One possible outcome would be to consider the production of a mixed methodology evaluation toolkit to promote the use of both qualitative and quantitative evaluation methods. This could be linked into the production of best practice paradigms (Armstrong, Kehrer and Wells, 2001, Bull, 2006, Leitão da Silva Martins, 2007, Farrer, 2007, Hart and Haughton, 2007 Seanor, Bull and Ridley-Duff, 2007).

4. Exchanging knowledge and best practice

Knowledge about policy success is hard to communicate not least because of issues surrounding the measurement of success. It is made even more difficult when support providers and policy makers know little about what knowledge to communicate with each other, other than that based upon gut feelings or personal experience – in other words tacit knowledge. The production of policy and the policy evaluation process however is often based upon more formalised explicit and specialised knowledge. The issues surrounding knowledge types and their transfer between and in many cases within organisations need to be subject to wider study. This is not just about organisational learning and development but more specifically relates to how support organisations and policy makers communicate and at what scale of

partnership or network. In this sense, this recommendation could also link to an in-depth piece of research into understanding the lifecycles of networks of association, their growth and geography.

This type of study could also make links to an examination of social enterprise character and value as suggested earlier, and would hopefully result in more streamlined knowledge transfer and the production of some locally derived best practice paradigms. This type of study could also lead to a better understanding of specific skills requirements needed by individual support advisors and could benefit from a tangential study into private sector networks and policy learning environments (Dixon, 2000, Chapman, 2002, Haughton and Allmendinger, 2008, Haughton and Naylor, 2008).

Methodological achievements and considerations

Upon reflection, undertaking this study has identified several positive methodological achievements. Firstly, the national survey, or NSESS, captured various perceptions of social enterprise development, and provided a context for intensive qualitative work at regional and sub-regional levels. The methods employed however, for the administration, data collection and analysis, were considered quite unique. Firstly, the NSESS triangulated both quantitative and qualitative methods using a grounded theory approach which provided a useful context for more intensive investigation. Secondly, the NSESS was the first national survey to research the influence of local social, economic and political geographies upon the organisation and co-ordination of social enterprise support. The unique combination of contacting individual respondents via telephone having an informal conversation, directing them to

a research homepage and asking them to download the NSESS worked particularly well, resulting in an overall response rate of 47.1%. The same combination was used before each interview to ensure the correct individual in each organisation was contacted beforehand. Each individual was sent an accompanying letter and explanation of the research which detailed the relevance of the interview to their own area of policy or support work, and, upon reflection, worked particularly well.

Although the triangulation of qualitative and quantitative approaches worked well in the NSESS, and the semi-structured interviews provided rich qualitative data, a review of the thesis does identify two key aspects about the methodology which need to be considered, both of which relate to the NSESS. The first methodological consideration focuses around the issue of enlarging the NSESS sample framework. Although the sample used in this study was sufficient, an enlarged sample may have allowed for more complex cross-tabulations to take place, such as between organisation types, such as elected and non-elected, or state and non-state for example. The second concern focuses upon the questionnaire design. Although the piloting of the NSESS questionnaire found the design to be satisfactory and the triangulation of quantitative and qualitative related questions to be accurate, the overall wording and scaling of some questions could have been better aligned to allow cross-tabulation through SPSS programming.

Conclusion

This thesis has attempted to provide a better understanding of the support networks available for social enterprise. It has undertaken a unique national

survey which has highlighted regional and sub-regional perceptions of social enterprise support co-ordination. This study has also undertaken some intensive semi-structured interviews which have provided a rich narrative about the development of social enterprise support policy and the effectiveness and construction of local economic policy knowledges. Both the empirical work, and the examination of policy and academic literature have improved understanding of the potential role social enterprise can play in CED, the development of social capital and the policy evaluation process. The NSESS has not only provided a unique enquiry, but posed new questions about the organisation and co-ordination of social enterprise support at regional and sub-regional levels. Parts of this thesis have also challenged the perceived orthodoxy of mainly time-limited, quantitative style policy impact measurements, and, have posed, and begun to answer, questions relating to how support policy might be measured through reflective policy learning and networks of association.

The result has been the generation of some fresh insights into the changing nature of both support institutions and social enterprises over recent years, adding to some challenging recommendations for RDAs and other support bodies in their quest to improve social enterprise support arrangements. This thesis has provided some critical observations about the potential roles social enterprise can play in developing local forms of sustainable regeneration and attempting to develop entrepreneurial skills in deprived areas.

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Appendices

Appendix 1: NSESS Questionnaire.

NATIONAL SOCIAL ENTERPRISE SCOPING SURVEY

ORGANISATION:

ADDRESS:

.....

.....

TELEPHONE:

E-MAIL:

NAME OF RESPONDENT:

POSITION IN ORGANISATION:

DATE OF COMPLETION:

Please complete **all sections** of the questionnaire and ensure you given your contact details

Only complete and return this questionnaire if you have been asked to do so.

The survey will take no more than 15 minutes and your responses will be completely anonymous.

Your assistance is greatly appreciated.

<u>Office Use</u>
Region:
Agency:
No:

Social enterprise and the social economy

1 On a scale of 1 to 5 with 1 being least developed and 5 being most developed, in your opinion how well developed is your region's social economy?

A well developed social economy may have an extensive communication network or effective support network for example and may have several links into public sector procurement. Please circle one only/delete as appropriate

1 2 3 4 5

2 On a scale of 1 to 5 with 1 being less developed and 5 being more developed, in your opinion, how well developed is your social economy compared to say that in London?

London is regarded to have the most advanced and inclusive UK social economy. Please circle one only/delete as appropriate

1 2 3 4 5

3 Why do you consider your regions social economy to be more or less developed than that in London?

Please tick all that apply

- ☐ Influence of local mainstream economy
- ☐ Support for social economy development
- ☐ Geographical location
- ☐ Low on political agenda
- ☐ Other, please specify.....

4 In your opinion what are the growth sectors for social enterprise in your region?

E.g. housing, childcare, training, environmental, welfare. Please list upto three in any order

1.
2.
3.

5 'The social economy is more developed in affluent areas in your region' Do you:

Please tick one only

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree or disagree
- ☐ Disagree
- ☐ Strongly disagree

6 'The social economy is less developed in less affluent areas in your region' Do you:

Please tick one only

- ☐ Strongly Agree
- ☐ Agree

- ☐ Neither agree or disagree
- ☐ Disagree
- ☐ Strongly disagree

7 In your opinion where are the majority of social enterprises located or active in your region?

Please tick the two most important

- ☐ Inner city industrial areas
- ☐ Affluent peripheral areas
- ☐ Rural areas
- ☐ City Centre/central office areas
- ☐ Deprived areas
- ☐ Other, please specify.....

8 Why do you think the majority of social enterprises are located where they are in your region?

Please tick the two most important

- ☐ Funding
- ☐ Support
- ☐ Captive market
- ☐ Historical
- ☐ Forced
- ☐ None
- ☐ Other, please specify.....

Social enterprise support

9 Please briefly explain how support for social enterprise is organised, co-ordinated and funded at sub-regional and regional levels?

E.g. established network or underdeveloped arrangements

10 Is there any particular local authority in your region that is known as better than others for the quality and level of its support for social enterprise?

If yes, which one and why?

11 Are there gaps in social enterprise support provision in your region? Where are these gaps, geographically?

E.g. rural, affluent wards, inner city, regeneration areas? Please list upto 3

- 1.
- 2.
- 3.

12 Why do you think support for social enterprise differs across your region?

Please briefly explain

13 Where are the areas of social enterprise growth?

Please tick two only

- ☐ Inner city industrial areas
- ☐ Affluent peripheral areas
- ☐ Rural areas
- ☐ City Centre/central office areas
- ☐ Deprived areas
- ☐ Other, please specify.....

14 Do you examine social enterprise development within your own region to compare social enterprise support?

If so what have you found? If not do you intend to start?

15 On a scale of 1 to 5 with 1 being least impact and 5 being most impact, in your opinion what impact does a failing social enterprise support network have on social enterprise?

Please circle one only/delete as appropriate

1 2 3 4 5

Development, impact and growth

16 In your opinion what are the key areas of support social enterprises require to develop

Please list upto 5

- 1
- 2
- 3
- 4
- 5

17 Which of the following areas do you think could be most effective in

increasing social enterprise activity?

*Please rank them **all** in order of effectiveness from 1 being very effective to 5 being least effective*

- ☐ Expand existing large social enterprises (>50 employees)
- ☐ Transformation of grant dependant organisations
- ☐ Increase survival rates
- ☐ Expand existing small and medium social enterprises (<50 employees)
- ☐ Increase the birth rate of social enterprises
- ☐ Other, Please specify

18 In what way has the local economy impacted on emerging social enterprises?

Please briefly explain

19 If you have measured the impact of support for social enterprise in your region, what lessons have been learned?

Please briefly describe

20 What do you feel are the key benefits of social enterprise in your region?

Please tick the two most important

- ☐ Economic restructuring (GDP)
- ☐ Welfare provision (Housing, care, public services etc)
- ☐ Community capacity building
- ☐ Economic inclusion (training, employment etc)
- ☐ Other, please specify

21 In your opinion what are the main reasons why some social

enterprises flourish whilst others struggle in a given area?

Please tick all that apply

- ☐ RDA input or involvement
- ☐ Funding
- ☐ Markets
- ☐ Support
- ☐ Influence of individuals
- ☐ All of the above
- ☐ Other, please specify.....

22 On a scale of 1 to 5 with 1 being strongly disagree and 5 being strongly agree, to what extent are you in agreement with the following definition of social enterprise?

Please circle one only/delete as appropriate

1 2 3 4 5

'A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven only by the need to deliver profit to shareholders and owners' Social Enterprise: a strategy for success. DTI, 2002

23 Do you have an alternative definition?

If so please highlight below

END OF QUESTIONNAIRE

*Thank you for taking the time to complete this questionnaire.
Please also note that your responses are treated with strict confidentiality.
Please tick if you would like a summary of findings ☐*

**Please send your completed questionnaire (in confidence) via e-mail to
D.P.Haigh@geo.hull.ac.uk**

Alternatively please post to:

David Haigh
Department of Geography
University of Hull
Hull
HU6 7RX
Fax: 01482 466340
Tel: 0113 2832600 ext. 4109

Appendix 2: Interview questions and administrative cover sheet

Organisation: Name: Position: Contact:	
Date:	
Interview code:	
Research Support network construction Construction of policy knowledges between support providers: Yorkshire and Humber and North West	
Outline interview 30 minutes approximately Main questions and sub questions	
Confidentiality	
Record interview?	Y/N
Other contacts	
Other information	

Success, knowledge and policy

How do you know if support for social enterprise is successful or not?

Do you compare and learn from support institutions from other regions?

How?

Is support for social enterprise currently successful?

In what ways have social enterprise support institutions changed over the past 5 years and why?

Funding, organisation, communication, more aligned with standard business support or recognise unique needs of social enterprise sector?

What about the skills of individual advisors?

Are support institutions better or worse than 5 years ago?

In what ways has the social enterprise sector changed in the last 5 years?

What has driven the growth of the social enterprise sector?

Local and national policy agendas perhaps?

Growth rates, sectors. How has the size of social enterprises changed?

Separation of grassroots and corporatist organisations – polarisation within the sector?

How do community/voluntary sector organisations view the social enterprise sector?

How has the relationship between social enterprises and support organisations changed?

Dependency?

What and how do support organisations learn from each other?

How is knowledge transferred between support bodies? Attending conferences, seminars and forums – formal/informal communication. A specific agency involved

How do you decide what lessons are usable and why?

How much do you learn from local social enterprises?

What/how do you learn from national government policy documents?
What/how do you learn from national/regional/local stakeholder groups?

Is there a process between the gathering of knowledge and policy formulation? What is this process? How long does this take?

Support and Development

Where is the social enterprise support policy agenda driven from, why and how?

Local social enterprises? National policy agendas? Analysis of different sectors? Think tanks? Other lobby groups? Which groups?

What could improve the support agenda?

Which support organisations are most important for the success of social enterprises?

Which support organisations are least important and why?

How and why are they most important/distinctive?

What scales do they operate? What do they offer that is different?

In what ways do local and national institutions influence the RDA and its capacity to develop support structures for social enterprise?

(LA's, Government Office, Central Government, Regional Chambers, Business Links, Others)

What about their capacity to develop supporting organisations?

How important is funding history to supporting social enterprise? E.g. ERDF funding, successive ABI's or SRB/regeneration funding. Historical/cultural relations between political/community/state

How well does the RDA capture what is important to develop social enterprise support?

National policy, local support organisations and local social enterprises?
Processes involved, benchmarking, mapping, focus groups/seminars

How does/should the RDA capture what is important to develop social enterprise support from national policy, local support organisations and local social enterprises?

How does it capture local aspiration from community and voluntary groups?